

THE ASSOCIATION OF ACCOUNTANCY BODIES IN WEST AFRICA**ACCOUNTING TECHNICIANS SCHEME, WEST AFRICA
SEPTEMBER 2022 EXAMINATIONS (PART 1)
BASIC ACCOUNTING****PLEASE READ THESE INSTRUCTIONS BEFORE COMMENCEMENT OF THE PAPER****EXAMINATION INSTRUCTIONS**

1. All solutions should be in ink. Any solution in pencil will not be marked.
2. Read all instructions on each part of the paper carefully before answering the questions.
3. Ensure that you do not answer more than the number of questions required for **Section B (The Essay Section)**.
4. Check your pockets, purse and mathematical sets, etc to ensure that you do not have prohibited items such as telephone handset, electronic storage device, wrist watches, programmable devices or any form of written material on you in the examination hall. You will be stopped from continuing with the examination and liable to further disciplinary actions including cancellation of examination result if caught.
5. Do not enter the hall with anything written on your docket.
6. Insert your examination number in the space provided above.

TUESDAY, 27 SEPTEMBER, 2022**DO NOT TURN OVER UNTIL YOU ARE TOLD TO DO SO**

**ASSOCIATION OF ACCOUNTANCY BODIES IN WEST AFRICA
ACCOUNTING TECHNICIANS SCHEME, WEST AFRICA
PART I EXAMINATIONS – SEPTEMBER 2022**

BASIC ACCOUNTING

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. Which of the following is **NOT** covered by Accounting?
 - A. Financial Accounting
 - B. Financial Engineering
 - C. Cost Accounting
 - D. Auditing
 - E. Management Accounting

2. Which of the following is **NOT** an example of not-for-profit organisation?
 - A. Club and Associations
 - B. Private and Community Foundation
 - C. Professional Associations
 - D. Social and Country Societies
 - E. Private Universities

3. The acronym IFRS stands for
 - A. International Financial Reporting Statements
 - B. International Financial Reporting Standards
 - C. Integrated Financial Reporting Statements
 - D. Integrated Financial Reporting Standards
 - E. Intervening Financial Reporting Statements

4. A statement of affairs may include only
 - A. Accrued expenses, assets, liabilities and outstanding revenues
 - B. Expenses, assets, accrued revenue and liabilities
 - C. Assets, liabilities and expenses
 - D. Expenses, profits, assets and liabilities
 - E. Assets, liabilities and income

5. The aspect of accounting that involves the application of accounting skills to investigate and probe frauds through legal proceedings is
- A. Forensic accounting
 - B. Auditing and investigation
 - C. Auditing and assurance
 - D. Environmental accounting
 - E. Social accounting
6. The maximum number of partners in a professional firm of Chartered Accountants is
- A. Five
 - B. Unlimited
 - C. 10 - 20
 - D. 20 - 30
 - E. 50
7. Which of the following is **NOT** an example of enhancing qualitative characteristics of financial information?
- A. Comparability
 - B. Verifiability
 - C. Timeliness
 - D. Understandability
 - E. Confirmatory
8. The professional code of ethics for Accountants does **NOT** include
- A. Integrity
 - B. Objectivity
 - C. Confidentiality
 - D. Professional etiquette
 - E. Professional behaviour
9. The last phase of bookkeeping is
- A. Extraction of the trial balance
 - B. Preparation of financial statement
 - C. Issuing annual report
 - D. Preparation of source document
 - E. Interpretation of account
10. Which of the following is an example of component of prime cost?
- A. Factory rent
 - B. Basic raw materials
 - C. Factory workers' overheads
 - D. Foreman's emolument
 - E. Plant repair

- 11 The accounting concept which states that profit must not be recognised until realised, while all losses should be adequately provided for is termed
- A Materiality
 - B Objectivity
 - C Consistency
 - D Conservatism
 - E Duality
- 12 Receipts and payments account is the summary of
- A Income and expenditure
 - B Statement of financial position
 - C Cash book
 - D Profit or loss
 - E Financial performance
- 13 The implication of going concern concept is that
- A Liability of the owner is limited
 - B Owner can own private asset
 - C The entity will continue to be in operational existence
 - D The entity can sue and be sued
 - E Owners can withdraw their assets at will
- 14 Which of the following is used to value inventories in a statement of financial position?
- A Reducing balance method
 - B Sum of the year digit method
 - C Straight line method
 - D First in first out method
 - E Sinking fund method
- 15 Document relating to goods returned by the buyer or refund to him when he has been overcharged is regarded as
- A Credit note
 - B Debit note
 - C Invoice
 - D Delcrede note
 - E Quotation

- 16 Which of the following is **NOT** an example of the usefulness of journal proper?
- A Opening and closing entries
 - B Transfer from one account to another
 - C Purchases and sales of non-current asset
 - D Purchase of inventory in cash
 - E Correction of errors
- 17 Assume the purchase of an equipment on credit for GH¢200,000. Provide the entries to the transaction in the company's account
- A. Dr Equipment GH¢200,000 Cr Purchases GH ¢200,000
 - B. Dr Purchases GH¢200,000 Cr Equipment GH ¢200,000
 - C. Dr Payable GH¢200,000 Cr Equipment GH ¢200,000
 - D. Dr Payable GH¢200,000 Cr Sales GH ¢200,000
 - E. Dr Equipment GH¢200,000 Cr Payables GH ¢200,000
- 18 Annual rent payable is L\$500,000. Rent prepaid at January 1, 2021 was L\$80,000 and rent accrued at December 31, 2021 was L\$60,000. How much rent was paid in 2021?
- A. L\$360,000
 - B. L\$420,000
 - C. L\$480,000
 - D. L\$500,000
 - E. L\$520,000

Use the information below to answer Questions 19 and 20

Given that:

Direct Material Cost	₦120,000
Direct Labour cost	₦100,000
Work in progress at start	₦ 25,000
Work in progress at close	₦ 19,000
Factory cost	₦ 32,000
Administrative expenses	₦ 21,000

19. What was the total production cost of the company?
- A. ₦220,000
 - B. ₦258,000
 - C. ₦277,000
 - D. ₦296,000
 - E. ₦317,000

20. The total prime cost of production was
- A. ₦220,000
 - B. ₦258,000
 - C. ₦277,000
 - D. ₦296,000
 - E. ₦317,000
21. Advertising expenses incurred on a product in a business organisation should be charged to which department?
- A. Production
 - B. Finance
 - C. Sales
 - D. Purchases
 - E. Engineering
22. Which of the following is **NOT** an example of nominal account?
- A. Motor vehicle account
 - B. Rent account
 - C. Salary account
 - D. Electricity account
 - E. Drawings account
23. Which of the following is an example of current assets?
- A. Subscription in advance
 - B. Investment property
 - C. Donations received in arrears
 - D. Fixtures and fittings
 - E. Franchise
24. Which of the following is **NOT** a subsidiary book?
- A. Sales day book
 - B. Cash book
 - C. Return inwards day book
 - D. Cash day book
 - E. Purchase day book
25. A cheque that is made payable only to the person named on it is regarded as
- A. Order cheque
 - B. Bearer cheque
 - C. Paid over cheque
 - D. Over the counter cheque
 - E. Honoured cheque

- 26 The relevant accounting standard on inventories is
- A. IAS 1
 - B. IAS 2
 - C. IAS 16
 - D. IFRS 1
 - E. IFRS 2

Use the data below to answer Questions 27 to 29

Ogunlowo Limited has the following information at 31/12/2021

	₦
Return inwards	40,000
Sales	820,000
Opening inventories	200,000
Purchases	740,000
Gross Profit	200,000

27. The closing inventory is
- A. ₦160,000
 - B. ₦320,000
 - C. ₦360,000
 - D. ₦400,000
 - E. ₦580,000
28. The cost of goods sold is
- A. ₦580,000
 - B. ₦620,000
 - C. ₦640,000
 - D. ₦660,000
 - E. ₦740,000
29. The mark up of the business is
- A. 24.39%
 - B. 25.64%
 - C. 32.26%
 - D. 34.48%
 - E. 36.32%
30. Which of the following is **NOT** an input device for computer pay package?
- A. Clock card
 - B. Time sheet
 - C. Payslips
 - D. Overtime schedule
 - E. Bonus sheet

SECTION A PART II**SHORT-ANSWER QUESTIONS****(20 MARKS)****ANSWER ALL QUESTIONS**

1. In ledger classification, a type of account which consists of income and expenses is called
2. In ledger accounting, an account of Yinka will be classified as
3. A chartered accountant working in an accounting firm to offer a variety of accounting services to their clients is described as
4. In a subsidiary record, ----- is a source document to record into sales journal.

Use the following to answer questions 5 and 6

Given that the total revenue for the year ended June 30, 2022 was given as GH¢1,500,000 and profit mark-up was 33 $\frac{1}{3}$ %

5. What is gross profit?
6. Calculate the cost of goods sold
7. In a computerised accounting system, the acronym EFTPOS means.....
8. Given that standard time is 300 hours and actual time taken to do a job by an employee was 240, the wage rate is Le50 per hour, using the Rowan Scheme, what is the total wage pay?
9. An item of Plant, Property and Equipment (PPE) was bought on October 31, 2021 for ₦1,900,000, rate of depreciation is 10% annually, the accounting year ended June 30, 2022. Assuming depreciation is charge on time basis when the PPE was bought, the depreciation charge to the income statement for the year ended 30 June, 2022 is.....
10. In Purchases Ledger Control Account, discount received is recorded on the side of the account.
11. In the preparation of pay roll, union dues paid by staff is an example ofdeduction
12. Mr. Akpan received the following monthly income: salary GMD150,000, transport GMD20,000 and rent GMD30,000, what is his annual consolidated salary?

13. A cost incurred to transport goods for sale from the point of purchase to an entity is called
14. In not-for-profit organisation account, subscription to a club in advance is usually treated asin the Statement of Financial Position.
15. In a Non-profit entity, annual depreciation is normally debited into.....account.
16. An entity paid L\$1,200,000 to buy a prepaid electricity token on January 1, 2021 for the period ended March 31, 2022, assuming the accounting year ended December 31, 2021; how much was prepaid as electricity for the year ended December 31, 2021?
17. In IAS 16, a resource controlled by an entity as a result of past events, and from which future economic benefits are to be received by an entity is called.....
18. In bank reconciliation statement, a cheque received from a customer and lodged into the bank but deny payment is known as
19. In a banking system, the bank on which a cheque is written is known as
20. An equipment cost GH¢800,000, the installation cost was GH¢150,000 and general overhead cost amounted to GH¢90,000. What is the cost of the equipment to be recognised in the Statement of Financial Position?

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

QUESTION 1

On June 30, 2022, Wisdom's cash book showed that he had an overdraft of ₦120,000 on his account at the bank. On checking the cash book with the bank statement the following were discovered.

- (i) Cheques drawn amounting to ₦200,000 had been entered in the cash book but had not been presented.
- (ii) Cheques received amounting to ₦160,000 had been entered in the cash book but had not been credited to the bank.
- (iii) On instructions from Wisdom, the bank had transferred interest of ₦24,000 from his deposit account to his current account, recording the transfer on July 5, 2022. This amount had however, been credited in the cash book as at June 30, 2022.

- (iv) Bank charges of ₦14,000 shown in the bank statement had not been entered in the cash book.
- (v) The payments side of the cash book had been under casted by ₦4,000.
- (vi) Dividends amounting to ₦80,000 had been paid directed to the bank, and not entered in the cash book.
- (vii) A cheque of ₦20,000 drawn on deposit account had been shown in the cash book as drawn on current account.
- (viii) A cheque issued to Obafemi for ₦10,000 was replaced when out of date. It was posted again in the cash book, no other entry had been made. Both cheques were included in the total of unpresented cheque shown above.

You are required to:

- a. Prepare the adjusted cash book, and prepare a statement reconciling the amended balance with that shown in the bank statement. (10 Marks)
 - b. Enumerate **FIVE** purposes of bank reconciliation. (2½ Marks)
- (Total 12½ Marks)**

QUESTION 2

Extracts from the books of ASHA Limited shows the following balances for the month of June 2022

	GHC
Sales ledger balances - June 1, 2022	47,020
Purchases ledger balances - June 1, 2022	27,570
Sales journal balances - June 30, 2022	374,370
Purchases journal balances - June 30, 2022	408,000
Returns Inwards	9,100
Returns Outwards	7,490
Receipts from Customers – Cash	385,290
Discount allowed	13,450
Payments to Suppliers	354,150
Discounts received	7,460
Irrecoverable debts written off	1,150
Sales ledger set off	2,090
Purchases ledger set off	1,100

On June 30, 2022, it was discovered that a supplier was paid twice in error for GH¢1,570,000. The amount was refunded on that date.

You are required to:

Prepare the Sales and Purchases ledger Control Account as at July 1, 2022.

(Total 12½ Marks)

QUESTION 3

- a. State the distinguishing features of a Savings account. (5 Marks)
- b. Explain **FIVE** electronic fund transfer products in use in the banking industry. (7½ Marks)

(Total 12½ Marks)

QUESTION 4

Kehinde and Dike are in partnership business. The partnership agreement provides that:

- (i) Partners are to be credited at the end of the year with salaries of L\$2,000,000 to Kehinde and L\$1,000,000 to Dike; and with interest on Capital at the rate of 5% per annum on the balances standing on their Capital accounts at the beginning of the year.
- (ii) No interest on Drawings.
- (iii) After charging partnership salaries and interest on Capital, Profit or losses are to be shared in the ratio 6: 4.

The Trial balance of the firm as at December 31, 2021 was as follows:

	Dr.	Cr.
	L\$'000	L\$'000
Partners' Capital Accounts:		
Kehinde - Balance as at 1 st January, 2021		19,000
Dike - Balance as at 1 st January, 2021		13,000
Partners' Current Accounts:		
Kehinde - Balance as at 1 st January, 2021		4,000
Dike – Balance as at 1 st January, 2021		3,200

Sales		93,000
Payables		7,400
Shop fittings at cost	33,200	
Shop fittings provision for depreciation as at 1 st January, 2021		2,800
Purchases	56,000	
Inventories 1 st January, 2021	8,400	
Salaries and Wages	12,800	
Office and Trade Expenses	9,040	
Rent, Rates and Insurance	2,100	
Professional fees	700	
Receivables	4,120	
Provision for doubtful debts		100
Balance at Bank	8,740	
Drawings:		
Kehinde	4,300	
Dike	3,100	
	<u>142,500</u>	<u>142,500</u>

Additional information is as follows:

- (i) Closing Inventory was valued at L\$7,200,000
- (ii) A debt of L\$120,000 is to be written off and the provision against the remaining Receivables should be 5%.
- (iii) The partners had during the year been supplied with goods from Inventory as follows: Kehinde L\$120,000, Dike L\$80,000
- (iv) As at year end, Rates in advance was L\$500,000 while office and trade expenses owing was L\$480,000.
- (v) Shop Fitting is to be depreciated at the rate of 5% per annum on cost.

You are required to prepare:

- a. Statement of Profit or Loss for the year ended 31st December, 2021.
- b. Partners Current account in columnar form.

QUESTION 5

- a. There are several modules/forms in a computerised accounting system.

Explain the main features of input and output of a purchases ledger that will enable the production of purchase analysis. (5^{1/2} Marks)

- b. Microsoft Excel package is used in the field of accounting.
State and explain its main features.

(7 Marks)

(Total 12½ Marks)

QUESTION 6

- a. Explain capital expenditure and revenue expenditure with **FIVE** examples each
(10 Marks)
- b. List **FIVE** methods of calculating depreciation
(2½ Marks)

(Total 12½ Marks)

SECTION A – PART I

MULTIPLE CHOICE SOLUTIONS

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

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

Workings

Q18		Rent account	
	L\$		L\$
Balance b/d	80,000	Profit/Loss	500,000
Bank (derived)	360,000		
Balance c/d	<u>60,000</u>		
	<u>500,000</u>		<u>500,000</u>
		Balance b/d	60,000

Q19	Direct material cost	120,000
	Direct Labour cost	<u>100,000</u>
	Prime cost	220,000
	Factory cost	32,000
	WIP at start	25,000
	WIP at close	<u>(19,000)</u>
	Total cost of production	<u>258,000</u>

Q20 Prime cost of production (as above) 220,000

Q27 Computation of closing inventories

Sales	820,000
Less Return inwards	<u>40,000</u>
Net Revenue A	<u>780,000</u>
Opening inventories	200,000
Purchases	<u>740,000</u>
Cost of good available for sale B	940,000
Less closing inventories (derived)	<u>360,000</u>
Cost of sales (derived)	<u>580,000</u>
Gross Profit (given)	<u>200,000</u>

Q28 Cost of sales (as above) 580,000

Q29 Calculation of markup of the business

Gross Profit	$\frac{200,000}{580,000} \times 100$
Cost of sale	580,000
	<u>34.46%</u>

Examiner's comment

The questions test candidates' knowledge on all the areas of the syllabus.

All the candidates attempted the questions and their performances were above average.

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

Candidates are advised to prepare well for future examination.

SECTION A – PART II

SHORT-ANSWER SOLUTIONS

1. Nominal ledger/Account
2. Personal ledger/Account
3. Member in Practice/Member in Public Practice
4. Sales Invoice
5. GH¢375,000 (GH¢1,500,00 * $\frac{1}{4}$) = GH¢375,000
6. GH¢1,125,000 (GH¢1,500,000 * $\frac{3}{4}$ or GH¢1,500,000 - GH¢375,000) = GH¢1,125,000
7. Electronic Fund Transfer at Point of Sales
8. GH¢14,400 (240 * GH¢50 + 60/300 * 240 * GH¢50) = GH¢14,400
9. GH¢126,667 (GH¢1,900,000 * 10% * 8/12) = GH¢126,667
10. Debit
11. Non-statutory
12. GH¢2,400,000 (GH¢150,000 + GH¢30,000 + GH¢20,000 = GH¢200,000 * 12) = GH¢2,400,000
13. Carriage inward
14. Current liability
15. Income and expenditure

16. GH¢300,000 (GH¢1,200,000 * 3/15) = GH¢240,000
 17. Asset
 18. Dishonoured cheque
 19. Drawee
 20. GH¢950,000 (GH¢800,000 + GH¢150,000) = GH¢950,000

Examiner’s comment

The questions test candidates’ knowledge on all areas of the syllabus. All candidates attempted the questions and their general performance was average.

Candidates’ major pitfall was their poor understanding of most of the questions.

They are advised to prepare well and use relevant texts when preparing for the examination.

SECTION B

SOLUTION 1

(a) (i)	Wisdom Adjusted Cash Book	
	₦	₦
Interest on deposit	48,000	Bal. b/d 120,000
Dividends	80,000	Bank Charges 14,000
Cheques on deposit A/c	20,000	Under cast 4,000
Obafemi – cheque replaced	<u>10,000</u>	Bal. c/d <u>20,000</u>
	<u>158,000</u>	<u>158,000</u>
Bal. b/d	20,000	

WISDOM

(ii) BANK RECONCILIATION STATEMENT AS AT JUNE 30, 2022

	₦	₦
Balance as per adjusted cash book		20,000
<u>Add: Unpresented cheque</u>	200,000	
<u>Less: stale cheque</u>	<u>10,000</u>	
		<u>190,000</u>
		210,000
<u>Less: Uncredited cheques</u>		<u>160,000</u>
Balance as per bank statement		<u>50,000</u>

b) Purpose of Bank Reconciliation

The bank reconciliation process offers several advantages including:

- i Detecting errors such as double payments, missed payments, calculation errors etc.
- ii Tracking and adding bank fees and penalties in the books
- iii Spot fraudulent transactions and theft
- iv Keeping track of accounts payable and receivables of the business
- v Nowadays, many companies use specialised accounting software for bank reconciliation to reduce the amount of work and adjustments required and to enable real-time updates.
- vi Bank reconciliation done through accounting software is easier and error-free.
- vii The bank transactions are imported automatically allowing the entries to be matched and categorized a large number of transactions at the click of a button.
- viii The use of software makes bank reconciliation process efficient and controllable.

Examiner's comment

This question tests candidates' understanding on the preparation of bank reconciliation statement.

About 75% of the candidates attempted the question and their performance was above average.

Major pitfall of the candidates was their poor understanding of the question's requirements.

Candidates are advised to prepare well and sufficiently before writing ATSWA future examination at this level.

SOLUTION 2

ASHA Ltd.
Sales Ledger Control Account

2022	N'000	2022	N'000
June		June	
1	Bal b/f	30	Cash
	47,020	30	385,290
30	Sales	30	Returns inwards
	374,370	30	9,100
30	Setoff	30	Discounts allowed
	1,100	30	13,450
		30	Irrecoverable debts
		30	1,150
		30	Set-off
		30	2,090
		30	Bal c/d
			<u>11,410</u>
	<u>422,490</u>		<u>422,490</u>
July 1	Bal b/d		
	11,410		

PURCHASES LEDGER CONTROL ACCOUNT AS AT JUNE 2022

	N'000		N'000
30	Returns outwards	1	Bal b/f
	7,490	1	27,570
30	Cash	30	Purchases
	354,150	30	408,000
30	Discount received	30	Cash refund
	7,460	30	1,570
30	Set-off	30	Setoff
	2,090		1,100
30	Bal c/d		
	<u>67,050</u>		
	<u>438,240</u>		<u>438,240</u>
July 1 Bal. b/d			67,050

ALTERNATIVE SOLUTION TO PURCHASE LEDGER CONTROL ACCOUNT**ASHA LIMITED****PURCHASES LEDGER CONTROL ACCOUNT AS AT JULY 1, 2022**

	GHc		GHc
Returns outwards	7,490	Bal b/f	27,570
Payments to suppliers	354,150	Credit purchases	408,000
Discounts received	7,460	Refund from supplier	1,570,000
Purchase ledger set-off	2,090	Set off	<u>1,100</u>
Bal c/d	<u>1,635,480</u>		
	<u>2,006,670</u>		<u>2,006,670</u>
		Bal b/d	1,635,480

Examiner's comment

The question tests candidates' knowledge on the preparation of sales and purchases ledger control accounts.

About 80% attempted the question and their performances were average.

Candidates' major pitfall was their poor understanding of the topic being tested. Candidates are advised to prepare and practice past questions during their preparation for the examination.

SOLUTION 3

(a) FEATURES OF A SAVINGS ACCOUNT

Savings account is a type of account meant for small savers to keep their surplus funds. This account is usually opened by individuals such as clubs, associations, salary earners, petty traders etc.

FEATURES

- i. No cheques are required for withdrawal
- ii. Customers may not be granted overdraft facilities on this type of account
- iii. Interest is payable on the sum standing to the customer's credit.
- iv. The balance standing to a customer's credit on savings account is repayable on demand. However, the bank reserves the right to demand seven (7) days' notice for withdrawals of part or the whole deposit on the account.
- v. Customers must be present physically when withdrawal is made.
- vi. In the past, passbooks were issued to the customer to show both the credit and debit entries of the account. But nowadays, paying-in-slips and withdrawal slips are issued to customers to make deposits to and withdrawals.
- vii. No reference is required for this type of account except where cheques will be paid into the account, but a letter of introduction is required where the account will be used to receive the customer's salary.
- viii. The account is usually maintained by individuals and business units.
- ix. No monthly account maintenance charges are charged on this type of account.

(b) ELETRONIC FUND TRANSFER

Through the use of computer and the internet, a lot of electronic equipment is now available which enables banks to transfer funds from the account of one customer to another without the need for exchange of paper documents. This electronic equipment is turning the banking system of many countries into a cashless economy.

At present some of the available electronic fund transfer products are as follows:

(i) Automated-Teller Machines (ATM)

ATM is mostly known for cash dispensing which enables customers to enjoy banking services without coming in contact with the Bank Teller (Cashier). However, the machine performs other functions, such as fund transfer, deposits, printing of statement of account or viewing account balances, etc. It is electronically operated and as such response to request by customers is done instantaneously.

ATM is user-friendly and it guides users through the instructions that have been pre-programmed into it for easy operation.

(ii) Bank Mobile Application Software

Banks develop their own Mobile Application Software which is installed in customers' internet enabled hardware such as mobile phones, computers, etc. This application software allows customers account to be (instantly) credited electronically or debited anywhere in the country especially in banks where there is on-line service. It provides a more suitable and cost-effective way of transferring funds when compared with the traditional modes such as Mail/Telegraphic transfers. It is more secure and time saving when money is transferred through these Application software. Such money is transferred electronically by the bank through their branches or accredited agents.

(iii) Electronic Fund Transfer Point of Sale (ETFTPOS)

This is a system which enables a customer's account to be debited instantly with the cost of purchase in an outlet. The system requires the customer to be an ATM Card holder. However, the latest Point of sale machines are embedded with facilities or options for money transfer.

(iv) Electronic Card Products (DEBITCARD)

At present, most banks in Nigeria issue electronic debit cards. Debit Cards are like the POS that are supposed to be passed to a customer's account immediately. Examples of Debit cards are Pass Card and Smart Card. The Smart Card is a debit card whose micro-chips contain additional information on the bio-data and financial position of the holder.

(v) Inter Bank Settlement System

This is an electronic clearing system among banks and other financial houses where cheques and other financial instruments are exchange. An example of the Inter-bank Settlement System are: NEFT, NIBSS, etc This replaces the manual clearing system that takes up to 21 days to get instrument settled. The Inter-bank settlement system now takes few hours to be settled.

Examiner's comment

This question tests candidates' knowledge on the features of saving deposits account in part (a) and understanding of electronic funds transfer products in use in the banking industry in part (b) of the question.

About 80% attempted the question and their performance was above average.

Candidates' major pitfall was their poor knowledge of banking operation.

Candidates are advised to always prepare well to cover all the areas of the syllabus before sitting for the examination.

SOLUTION 4

(a) KEHINDE, DIKE IN PARTNERSHIP

Statement of Profit or Loss for the period ended December 31, 2021

	N'000	N'000	N'000
Sales			93,000
Opening Inventory		8,400	
Purchases		<u>56,000</u>	
		64,400	
Drawings:			
Kehinde	120		
Dike	<u>80</u>	<u>(200)</u>	
Goods available for sale		64,200	
Closing Inventory		<u>(7,200)</u>	
Cost of goods sold			<u>57,000</u>
Gross Profit			36,000
Less: Expenses:			
Salary & Wages		12,800	
Partners Salary:			
Kehinde	2,000		
Dike	<u>1,000</u>	3,000	
Interest on Capital (w1):			
Kehinde	950		
Dike	<u>650</u>	1,600	
Bad debts written off		120	
Provision for bad debts (w2)		100	
Rates (2,100 – 500)		1,600	

Office & Trade expenses (9,040 + 480)		9,520	
Professional fees		700	
Depreciation of Shop Fittings (33,200 x 5%)		<u>1,660</u>	<u>31,100</u>
Net profit			<u>4,900</u>
Share of profit:			
Kehinde (4,900/10 x 6)		2,940	
Dike (4,900/10 x 4)		<u>1,960</u>	<u>4,900</u>

(c) **KEHINDE, DIKE ACCOUNTS**

	KEHINDE	DIKE		KEHINDE	DIKE
	N'000	N'000		N'000	N'000
Drawings – inventory	120	80	Balance b/f	4000	3200
Drawings	4300	3100	Salary	2000	1000
Balance c/d	<u>5,470</u>	<u>3,630</u>	Interest on capital	950	650
			Share of profit	<u>2,940</u>	<u>1,960</u>
	<u>9,890</u>	<u>6,810</u>		<u>9,890</u>	<u>6,810</u>
			Balance b/f	5470	3630

Workings

1. Interest on Capital	N'000
Kehinde (5% x 19,000)	950
Dike (5% x 13,000)	<u>650</u>
2. Provision for bad debts	
Receivables Balb/f	4,120
Bad debts	<u>(120)</u>
	<u>4,000</u>
Provision (5% x 4,000)	200
Provision b/f	<u>(100)</u>
Profit or Loss	<u>100</u>

Examiner's comment

The question tests candidates' knowledge on the preparation of simple profit or loss statement and partners current account under partnership account.

About 70% attempted the question and their performance was average.

Major pitfall of the candidates was their poor understanding of the question's requirement.

They are advised to prepare well for future ATSWA examination.

SOLUTION 5

(a) Purchases Ledger

The simplest purchases system is one where the computer is used to maintain the purchases ledger and produce a purchase analysis. The main features would be:

(i) Inputs, which included data about

- Purchases invoices;
- Credit notes;
- Cash payments; and
- adjustments

(ii) Outputs, which include:

- lists of transactions posted – produced every time the system is run;
- an analysis of expenditure for nominal ledger purposes. This may be produced every time the system is run or at the end of each month;
- lists of trade payables balances together with a reconciliation between the total balance brought forward, the transactions for the month and total balance carried forward; and
- copies of payables accounts.

(b) Main Features of Microsoft Excel

Excel is a powerful tool for manipulating of rows and column to process, record, post and analyze data. They are widely used in the field of accounting and finance to calculate depreciation of various types, project evaluation and mathematics of finance. The main features of excel window of Microsoft includes:

i. Rows

Rows are referenced by numbers starting from 1. There are 65,536 rows. Latest version now contains larger number of rows.

- ii. Columns**
They are referenced by alphabets starting from A-XFD. In all, there are 256 columns in a worksheet. Latest version now contain larger number of columns.
- iii. Cell**
A cell is the intersection of row and column. The total number of cell is 16,777,216. Latest version now contain larger number of cells.
- iv. Worksheet**
A worksheet contains cells and consists of 65,536 rows and 256 columns totalling 16,777,216 cells. Latest version now contain larger number.
- v. Workbook**
The workbook consists of worksheets. It is also called excel file. A file is a set of worksheets.
- vi. Title Bar**
This refers to the name of current workbook.
- vii. Menu Bar**
This consists of varieties of menu such as file, edit, view, save etcetera.
- viii. Tool Bar (Formular Bar)**
This is a feature that displays the formular for Excel manipulation or calculation of a row and column.

Examiner's comment

This question tests candidates' knowledge on simple features of input and output of a purchase ledger that will aid production of purchase analysis in part (a) while, it tests their understanding on basic features of Microsoft Excel package in the field of accounting.

About 35% attempted the question and their performance was below average

Major pitfall of the candidates was their poor understanding of the questions' requirements.

Candidates are advised to prepare sufficiently well before sitting for future examination.

SOLUTION 6

(a) Capital Expenditure and Revenue Expenditure

(i) Capital Expenditure

Capital expenditure may be defined as the cost of acquiring a non-current asset for use in an entity. Capital expenditure includes such costs as are incurred in adding value to existing non-current assets in order to improve their earning capacity and to prolong their life's for more than one accounting period.

Examples of capital expenditure are:

- i. Purchase price of non-current assets such as motor vehicles, buildings, furniture and fittings, plant and machinery;
- ii. Extension or any improvement of a permanent nature made to any structure
- iii. Legal fees of acquiring land or buildings;
- iv. The cost incurred in bringing any non-current asset to its present location; and
- v. Any other cost that must be incurred in getting the non-current assets ready for its intended use.

(ii) Revenue Expenditure

Revenue expenditure on the other hand is any cost in which its earning potential is exhausted within one accounting period. Such expenditures are not made to increase or improve the value of non-current assets but rather, are made for the maintenance and day-to-day running of the business.

Examples of revenue expenditure are:

- i. The cost incurred in acquiring trading inventories for sale;
- ii. Cost of repairing any non-current assets;
- iii. Discount allowed on credit sales;
- iv. Expenses in connection with rent, insurance, telephone and electricity;
- v. Staff salaries and emoluments;
- vi. Marketing expenses
- vii. Value of Diminution of Non-current assets (Depreciation)
- viii. Interest on borrowed funds.

6(b) Methods of calculating depreciation

There are several methods of calculating depreciation. These include:

- i. Straight Line Method or Fixed Instalment Method or Equal Instalment method.
- ii. Reducing Balance Method or Diminishing Balance Method
- iii. Sum-of-the-Years'-Digits Method
- iv. Units-of-Output Method
- v. Revaluation Method
- vi. Machine Hour Method
- vii. Depletion of Unit Method
- viii. Annuity method

Examiner's comment

The question tests candidates' knowledge in part (a) of the question on accounting for Non-Current assets (PPE) particularly the basic concepts while part (b) was on methods of computing depreciation.

About 95% of the candidates attempted the question and their performances were above average.

Candidates' major pitfall was their poor in depth understanding of the question's requirements.

Candidates are advised to prepare sufficiently well for the future ATSWA examination.

THE ASSOCIATION OF ACCOUNTANCY BODIES IN WEST AFRICA**ACCOUNTING TECHNICIANS SCHEME, WEST AFRICA
SEPTEMBER 2022 EXAMINATIONS (PART 1)
ECONOMICS****PLEASE READ THESE INSTRUCTIONS BEFORE COMMENCEMENT OF THE PAPER****EXAMINATION INSTRUCTIONS**

1. All solutions should be in ink. Any solution in pencil will not be marked.
2. Read all instructions on each part of the paper carefully before answering the questions.
3. Ensure that you do not answer more than the number of questions required for **Section B (The Essay Section)**.
4. Check your pockets, purse and mathematical sets, etc to ensure that you do not have prohibited items such as telephone handset, electronic storage device, wrist watches, programmable devices or any form of written material on you in the examination hall. You will be stopped from continuing with the examination and liable to further disciplinary actions including cancellation of examination result if caught.
5. Do not enter the hall with anything written on your docket.
6. Insert your examination number in the space provided above.

WEDNESDAY, 28 SEPTEMBER, 2022**DO NOT TURN OVER UNTIL YOU ARE TOLD TO DO SO**

**ASSOCIATION OF ACCOUNTANCY BODIES IN WEST AFRICA
ACCOUNTING TECHNICIANS SCHEME, WEST AFRICA
PART I EXAMINATIONS – SEPTEMBER 2022**

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. Which of the following is **NOT** a characteristic of capitalist economic system
 - A. Freedom of choice
 - B. Competition
 - C. Minimal government intervention
 - D. Equitable distribution of income
 - E. Private ownership

2. Which of the following describe economic concept of 'what ought to be'
 - A. Normative economics
 - B. Behavioral economics
 - C. Positive economics
 - D. Conceptual economics
 - E. Theoretical economics

3. The minimum legal price below which a particular good or service **CANNOT** be sold is called
 - A. Price tag
 - B. Market price
 - C. Price ceiling
 - D. Price taking
 - E. Price floor

4. A shift in the supply curve to the right illustrates
 - A. Increase in supply
 - B. Decrease in quantity supplied
 - C. Decrease in supply
 - D. Price elastic supply
 - E. Increase in market price

5. If the supply and demand functions of a commodity are $Q_s = 100 + 7P$ and $Q_d = 260 - P$ respectively, the equilibrium price will be
- A. ₦10
 - B. ₦20
 - C. ₦30
 - D. ₦40
 - E. ₦60
6. Equi-marginal utility is also known as the law of
- A. Decreasing utility
 - B. Increasing utility
 - C. Substitution
 - D. Contribution
 - E. Diminishing returns
7. For maximum satisfaction of the consumer, the marginal utility of a commodity must be
- A. Equal to its price
 - B. Greater than its price
 - C. Less than its price
 - D. Equal to zero
 - E. Negative
8. Which of the following statements is **TRUE** when the total product of units of labour employed is declining?
- A. Marginal product is equal to the average product
 - B. Average product falls faster than the marginal product
 - C. Marginal product falls faster than the average product
 - D. Marginal product is falling but positive
 - E. Average product is at minimum
9. If a firm increases all its inputs by a certain proportion and its output increases more than its proportional increase in inputs in the long run, the firm is experiencing
- A. Law of diminishing returns
 - B. Increasing returns to variable proportion
 - C. Increasing returns to scale
 - D. Decreasing returns to scale
 - E. Constant returns to scale

10. To minimise losses, a firm is advised to shut down whenever
- A. Marginal cost equal marginal revenue
 - B. Minimum average total cost exceeds price
 - C. Minimum average variable cost exceeds price
 - D. Average fixed cost is declining
 - E. Marginal cost exceeds marginal revenue
11. The type of business organisation where each member has equal rights no matter the number of shares held is
- A. Partnership
 - B. Sole Proprietorship
 - C. Public Corporation
 - D. Public Limited Company
 - E. Co-operative society
12. Which of the following is **NOT** a source of monopoly power?
- A. Economies of scale
 - B. Patent and franchise
 - C. Merger and acquisition
 - D. Favourable location
 - E. Small market share
13. A typical example of cartel is
- A. Collusive oligopoly
 - B. Non-collusive oligopoly
 - C. Monopolistic competitive market
 - D. Pure competitive market
 - E. Systemic market
14. In which of the following is price discrimination possible?
- A. Duopoly market
 - B. Oligopoly market
 - C. Monopoly market
 - D. Perfect competitive market
 - E. Monopolistic competitive market

Use the information below to answer questions 15 and 16.

If the consumption for a household is ₦5000, savings is ₦3000, and tax paid is ₦2000.

15. What is the personal income of the household?
- A. ₦10,000
 - B. ₦8,000
 - C. ₦7,000
 - D. ₦6,000
 - E. ₦1,000
16. Determine the disposable income.
- A. ₦1,000
 - B. ₦2,000
 - C. ₦4,000
 - D. ₦6,000
 - E. ₦8,000
17. Personal savings are generally low in West African countries because of
- A. The low level of income of the people
 - B. The refusal of the banks to grant loans
 - C. The low level of consumption
 - D. Cheaper foreign currencies
 - E. Over population
18. Which of the following is **NOT** a function of a central bank?
- A. Issuing of currency
 - B. Acts as bankers bank
 - C. Acts as a lender of last resort
 - D. Accepts all forms of deposits
 - E. Acts as bankers to the government
19. The proponent of the three motives for demand for money is
- A. Paul Samuelson
 - B. David Ricardo
 - C. J. M. Keynes
 - D. Adam Smith
 - E. J. B. Says
20. Interest charged by central bank on loans issued to deposit money banks is generally referred to as
- A. Bank rate
 - B. Interest rate

- C. Lending rate
 - D. Commission
 - E. Discount rate
21. The tax system in which the percentage of tax paid varies inversely with the level of income is
- A. Regressive tax
 - B. Progressive tax
 - C. Proportional tax
 - D. Personal income tax
 - E. Poll tax
22. The tax levied on goods that are exported to other countries is
- A. Excise duties
 - B. Airport duties
 - C. Export duties
 - D. Indirect duties
 - E. Import duties
23. The tax which are levied on goods that are manufactured within the country is
- A. Excise duties
 - B. Company tax
 - C. Profits tax
 - D. Export duties
 - E. Capital gain tax
24. Which of the following options describe inflation induced by sustained increase in aggregate demand?
- A. Demand-pull inflation
 - B. Cost-push inflation
 - C. Galloping inflation
 - D. Imported inflation
 - E. Creeping inflation
25. Which of the following is **NOT** a cause of unemployment?
- A. Rapid population growth
 - B. Rural-urban income differentials
 - C. Low industrialisation
 - D. Poor infrastructural development
 - E. High foreign direct investment inflow

26. The difference between the values of merchandise exports and merchandise imports is called
- A. Import substitution
 - B. Terms of trade
 - C. Balance of payments
 - D. Balance of trade
 - E. Export duties
27. Which of the following is **NOT** an argument for trade restrictions?
- A. Promotion of import
 - B. Prevention of dumping
 - C. National security
 - D. Protection of infant industries
 - E. Correction of balance of payments
28. One of the reasons why nations engage in international trade is
- A. Nations have different currencies
 - B. All products are produced from the same technology
 - C. World resources are unevenly distributed
 - D. All products are produced from the same combination of resources
 - E. World resources are evenly distributed
29. The World Trade Organisation headquarter is situated in
- A. Geneva
 - B. New York
 - C. Vienna
 - D. Paris
 - E. China
30. Which of the following factors does **NOT** contribute to economic growth of an economy?
- A. Investment in human capital
 - B. High dependency ratio
 - C. Availability of natural resources
 - D. Capital formation
 - E. Technological advancement

SECTION A: PART 11**SHORT ANSWER QUESTIONS****(20 Marks)****ATTEMPT ALL QUESTIONS**

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

1. The economic system where means of production is entirely owned by the government is referred to as.....
2. The desire for a good that is backed up with the ability to pay for the good at a particular price is called
3. If an increase in a unit price of a good from ₦30.00 to ₦50.00 causes a decrease in its quantity demanded from 200 to 150 units, then the coefficient of the price elasticity of demand is
4. is the rate at which the consumer is willing to substitute one good for the other while keeping her level of satisfaction constant.
5. An operating production period in which some inputs are fixed and others vary is called
6. The variable cost per unit of output produced is
7. An economic law which states that as quantity of one input increases with the quantities of all other inputs remaining constant, output increases but at a decreasing rate is
8. The ratio of change in total revenue to change in total output is.....
9. A market structure where all firms are price takers is called.....
10. The flow of receipts and payments between the major economic units (households and firms) in an economy is usually demonstrated by a diagram known as
11. Given the consumption in an economy as: $C = 100 + 0.75Y$ and $Y = 1500$. How much is saved?

- c. The table below represent the production possibilities for food and shelter for a period of five years:

	2017	2018	2019	2020	2021
Food	10	7	5	2	0
Shelter	0	3	8	12	15

You are required to:

- i. Provide a graphical illustration of Food-Shelter production possibilities from 2017 to 2021. **(3 Marks)**
 - ii. Compute the opportunity cost of producing additional units of food across the years. **(2½ Marks)**
 - iii. Compute the opportunity cost of producing additional units of shelter across the years. **(2½ Marks)**
- (Total 12½ Marks)**

QUESTION 2

- a. Define price elasticity of supply. **(1½ Marks)**
- b. Outline **THREE** determinants of price elasticity of demand. **(3 Marks)**
- c. The demand function for Gasoline with respect to the price of Kerosene is given as:

$$Q_g = 480 - 2P_g + 5P_k + 0.02Y$$

Where:

Unit price of Gasoline per kg (P_g) is ₦500; Unit price of Kerosene per litre (P_k) is ₦300; Average consumer's income (Y) is ₦10,000 and Quantity demanded of Gasoline is Q_g .

You are required to compute:

- i. The Price elasticity of demand for Gasoline and interpret the result
 - ii. The Income elasticity of demand for Gasoline and interpret the result
 - iii. Cross-price elasticity of demand for Gasoline with respect to the price of Kerosene and state the relationship between Gasoline and Kerosene. **(8 Marks)**
- (Total 12½ Marks)**

QUESTION 3

- a. Distinguish between a budget line and an indifference curve. (6½ Marks)
- b. Explain **FOUR** properties of an indifference curve. (6 Marks)
- (Total 12½ Marks)**

PART II:

MACRO - ECONOMICS

ATTEMPT ANY TWO QUESTIONS

QUESTION 4

- a. Define Gross National Product (GNP) (2½ Marks)
- b. Identify and Explain **FIVE** problems encountered in measuring national income (10 Marks)
- (Total 12½ Marks)**

QUESTION 5

- a. Distinguish carefully between money market and capital market (5 Marks)
- b. Identify and discuss **FIVE** instruments of monetary policy (7½ Marks)
- (Total 12½ Marks)**

QUESTION 6

- a. List and explain the **THREE** main types of Budget. (4½ Marks)
- b. Briefly explain the following types of taxes:
- i. Progressive tax; (2 Marks)
 - ii. Regressive tax; (2 Marks)
 - iii. Direct tax; (2 Marks)
 - iv. Indirect tax (2 Marks)
- (Total 12½ Marks)**

SECTION A - PART 1

MULTIPLE-CHOICE SOLUTIONS

1. D
2. A
3. E
4. A
5. B

6. C
7. A
8. C
9. C
10. C
11. E
12. E
13. A
14. C
15. A
16. E
17. A
18. D
19. C
20. E
21. A
22. C
23. A
24. A
25. E
26. D
27. A
28. C
29. A
30. B

Examiner's comment

The questions in this part were selected from all topics in the syllabus. It is compulsory for the candidates. All the candidates attempted the questions and the average performance was less than 50%, that is less than 50% scored more than 15 marks of the total 30 marks.

SECTION A – PART II

SHORT-ANSWER SOLUTIONS

1. Socialist economic system/Centrally Planned
2. Effective demand
3. 0.375
4. Marginal rate of commodity substitution/Marginal rate of Substitution
5. Short-run period
6. Average variable cost
7. Law of diminishing returns/Law of variable proportions
8. Marginal revenue
9. Perfect competitive market
10. Circular flow of income
11. 275
12. 1.25
13. Loan Syndication
14. Restrictive fiscal policy/contractionary
15. Petroleum Profit tax
16. Frictional unemployment
17. Balance of Payments
18. Unilateral transfers
19. Cape Verde
20. Per capita real GDP/Per capita real income

Examiner's comment

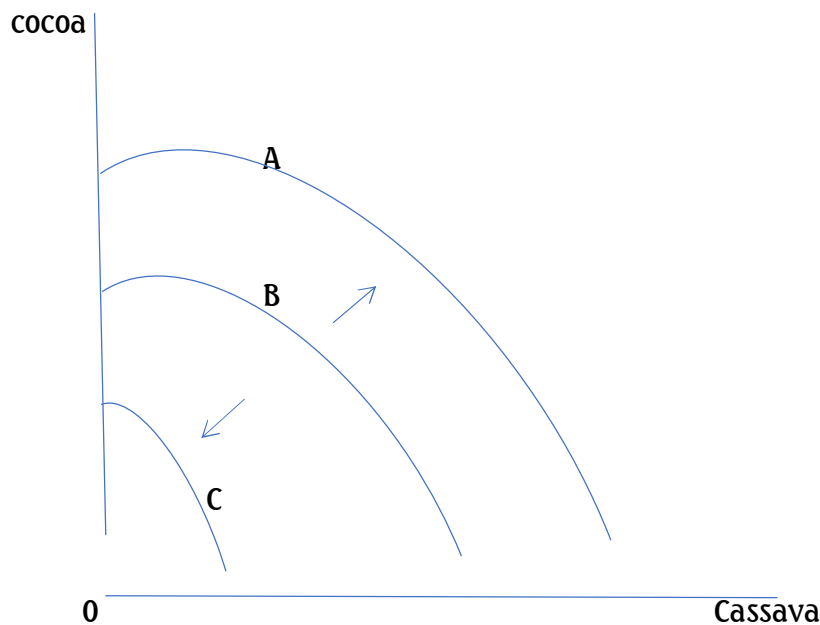
This part of the paper is equally compulsory. The questions were fairly selected from the two branches of economics-Microeconomics and Macroeconomics. The candidates posted dismal performance in this part of the paper. To be able to score a pass mark in this part, a candidate also needs a good understanding of all topics in the syllabus.

SECTION B

SOLUTION 1

A production possibilities curve (PPC) shows the various combinations of two goods that can be produced in a country when all available resources are fully and efficiently utilised. Production possibilities curve illustrates the problem of choices between how much of each good to produce, and the opportunity cost of re-allocation of resources.

- a. The graph below depicts the production possibilities curve for economic growth and underemployment.



i. **Economic Growth**

Any point on the PPC B shows the combinations of the two goods that the economy can produce given that all available resources are fully and efficiently utilised. A rightward shift (from B to A) depicts economic growth which is majorly achieved through advancement in technology.

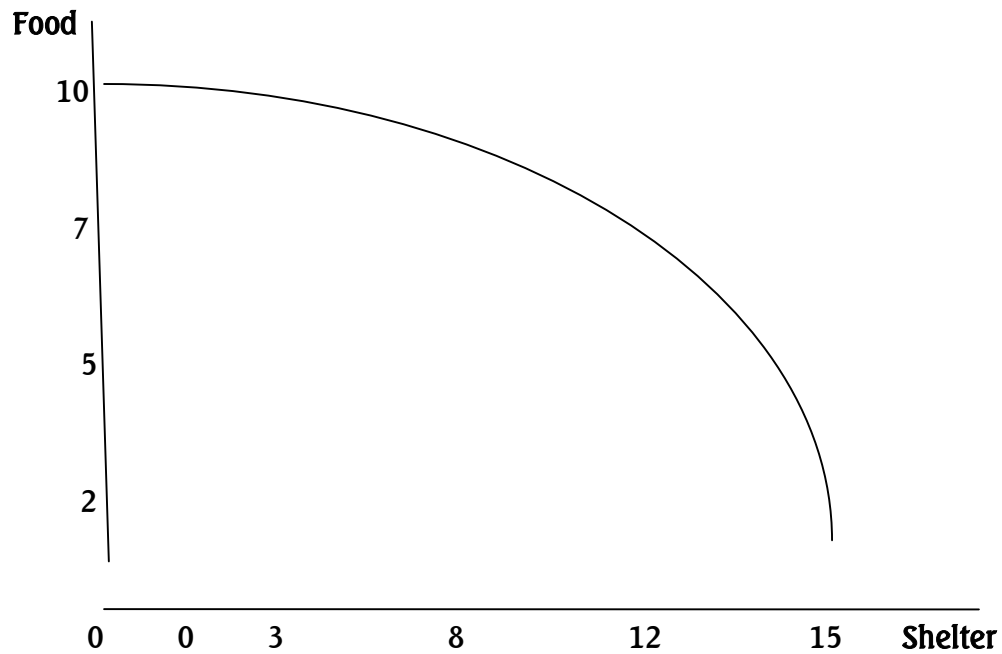
ii. **Underemployment**

The leftward shift from point B to point C depicts underemployment as some resources are either left completely idle (unemployed) or are not efficiently utilized (underemployed).

b. The following represent production possibilities for food and shelter for a period of five years:

	2017	2018	2019	2020	2021
Food	10	7	5	2	0
Shelter	0	3	8	12	15

C (i)



The Production Possibilities Curve reveals that the quantity of food reduces as the economy produces more of shelter. The rate at which a unit of food is reduced to produce additional unit of shelter is called marginal rate of transformation.

C .(ii) **Computation of the opportunity cost of producing additional unit of food:**

$$\frac{\Delta \text{unit of shelter}}{\Delta \text{unit of food}}$$

$$2018 = \frac{3-0}{7-10} = -\frac{3}{3} = -1$$

$$2019 = \frac{8-3}{5-7} = \frac{5}{-2} = -2.5$$

$$2020 = \frac{12-8}{2-5} = \frac{4}{-3} = -1.33$$

$$2021 = \frac{15-1}{0-2} = \frac{3}{-3} = -1.5$$

C.(iii) Computation of opportunity cost of producing additional unit of shelter.

$$\frac{\Delta \text{ unit of Food}}{\Delta \text{ unit of Shelter}}$$

$$2018 = \frac{7-10}{3-0} = \frac{-3}{3} = -1$$

$$2019 = \frac{5-7}{8-3} = \frac{-2}{5} = -0.4$$

$$2020 = \frac{2-5}{12-8} = \frac{-3}{4} = -0.75$$

$$2021 = \frac{0-2}{15-12} = \frac{-2}{3} = -0.67$$

Year	Food	Shelter	Opportunity cost of additional food	Opportunity cost of additional shelter
2017	10	0	-	-
2018	7	3	-1	-1
2019	5	8	-2.5	-0.4
2020	2	12	-1.33	-0.75
2021	0	15	-1.50	-0.67

Examiner's comment

This question tested candidates knowledge of basic microeconomic concept of production possibility curve with the exposition to analyzing growth and underemployment. It also requires the candidates to calculate the opportunity cost of producing additional commodities. Less than 30% attempted this question with a dismal performance. Most candidates scored less than 50% in this question.

SOLUTION 2

2.(a) Price elasticity of supply measures the responsiveness of the quantity supplied of a good or service to a change in its market price. It is expressed as the ratio of the percentage change in quantity supplied of the good to the percentage change in its price. It can be expressed as follows;

$$E_s = \frac{\text{Percentage change in quantity supplied}}{\text{Percentage change in price}}$$

2.(b) Determinants of Price Elasticity of Demand

- i. The availability of close substitute goods
- ii. Consumer habit
- iii. Proportion of income spent on commodity
- iv. Importance of a commodity

- v. The time period
- vi. Durability of the good

2.(c) The demand function for Gasoline with respect to the price of Kerosene is given as:

$$Q_g = 480 - 2P_g + 5P_k + 0.02Y$$

Where,

Unit price of Gasoline per kg (P_g)=#500; Unit price of Kerosene per litre (P_k) =300; Average consumer's income (Y) = #10,000and Quantity demanded of Gasoline is Q_g

To determine the quantity demanded of gasoline, we have

$$(i) \quad Q_g = 480 - 2(500) + 5(300) + 0.02(10,000)$$

$$Q_g = 480 - 1,000 + 1,500 + 200$$

$$Q_g = 1,180$$

Therefore, the price of elasticity of demand for gasoline is:

$$E_{pg} = -\frac{\partial q}{\partial pg} \cdot \frac{pg}{Qg}$$

$$E_{pg} = -(-2) \times \frac{500}{1,180}$$

$$E_{pg} = 2 \times \frac{500}{1,180}$$

$$E_{pg} = \frac{1000}{1,180} = \mathbf{0.85}$$

$E_{pg} = 0.85$ (**Price inelastic** since the coefficient of price elasticity of demand is less than 1)

(ii) Income elasticity of demand for gasoline

$$E_y = \frac{\partial q}{\partial y} \cdot \frac{Y}{Qg}$$

$$E_y = 0.02 \times \frac{10,000}{1,180}$$

$$E_y = \frac{200}{1,180}$$

$$E_y = \mathbf{0.17}$$

$E_y = 0.17$ (**Income inelastic** since the coefficient of income elasticity of demand is less than 1)

(iii) Gross price elasticity of demand for gasoline with respect to the price of kerosene

$$E_{pgk} = \frac{dQ_g}{dp_k} \times \frac{P_k}{Q_g}$$

$$E_{pgk} = 5 \times \frac{300}{1,180}$$

$$E_{pgk} = \frac{1500}{1,180} = \mathbf{1.27}$$

$E_{pgk} = 1.27$ (It is high cross price elastic since the coefficient of income elasticity of demand is greater than 1). The result shows that Gasoline and Kerosene are **Close substitutes**.

Examiner’s comment:

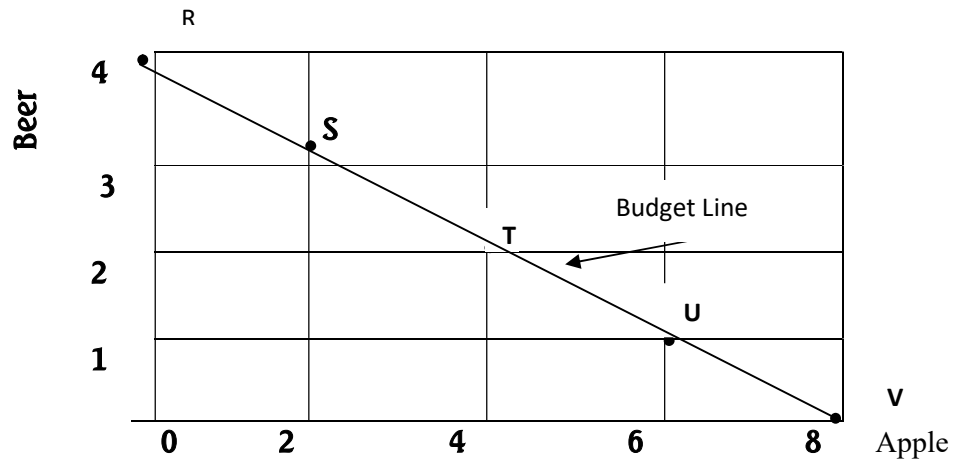
About 80% of the candidates attempted this question, while the success rate stands at about 50%. inability of some of the candidates to calculate the cross and income elasticity and interpret the relationship between the given commodities, price and income explains their poor performance.

SOLUTION 3

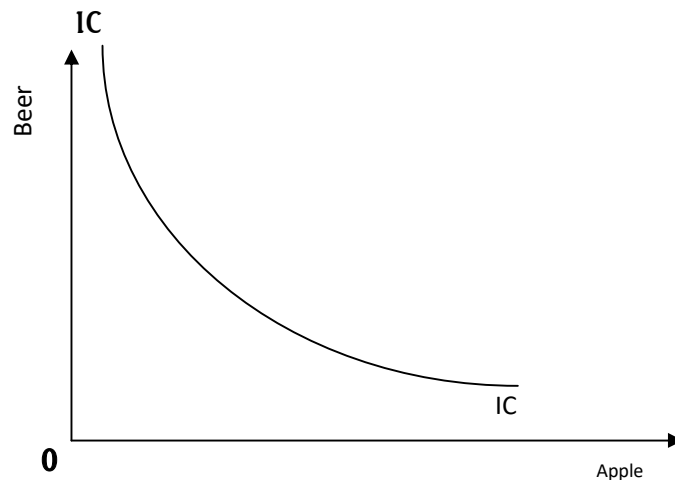
a. **Budget line:** It is a line showing various combinations of two goods that the consumer can afford, given his money income and the prevailing market prices of the two goods. It is a geometrical device representing the budget constraint. The slope of the budget line depends on the ratio of the prices of the two goods.

Mathematically, $M = P_xX + P_yY$

The diagram below shows the budget line between beer and apple.



Indifference Curve: Is defined as the locus of various combinations of two commodities which yield the same level of satisfaction to the consumer. An increase in income of a consumer can shift his indifference curve outward to a higher level and vice versa.



b. Properties of an Indifference curve are:

- (i) **An indifference curve has a negative slope:** This means that as less quantity of one commodity is consumed (beer), a greater quantity of the other commodity (apple) must be consumed for the consumer to enjoy the same level of utility.
- (ii) **Indifference curves can never intersect:** If two indifference curves intersect, the point of intersection will represent two different levels of utility. Which is illogical or a contradiction.
- (iii) **An indifference curve cannot touch either axis:** That is, it is asymptotical to the axes.
- (iv) **A higher indifference curve:** An indifference curve to the right of another represents a higher level of utility and preferable combination of the two goods. That is the higher the curve, the higher the level of satisfaction. Therefore, as the distance of the indifference

curve to the origin increases, the level of utility represented by the indifference curve also increases.

- (v) **Indifference curves are convex to the origin:** This property is expressed in the axiom of diminishing marginal rate of commodity substitution which implies that, to obtain every additional unit of one commodity (apple), the consumer is willing to sacrifice increasing number of the other commodity (beer).

Examiner's comment

Virtually all the candidates attempted this question. Candidates performance was good, they were able to give good account of themselves while answering the part (b) of the question which dwells on properties of the indifference curve.

SOLUTION 4

- a. **Gross National Product (GNP)** is the market value of all final goods and services produced by the nationals of a country during a specified period of time usually a year. It follows from this definition that all goods and services produced by the nationals of a country (within or outside) are embodied in the GNP. It excludes income earned by foreigners in one's country.

$$\text{GNP} = \text{GDP} + \text{Net Income from Abroad}$$

$$\text{Net income from abroad} = \text{Income earned by citizens abroad} - \text{Income earned by foreigners in home country.}$$

- b. **Problems encountered in measuring National Income**
- (i) **Multiple or Double counting:** This has to do with intermediate goods, intermediate expenditure and transfer payments. In order to avoid double counting, the estimate of the final value or value added at each stage of production is used.
- (ii) **Excluded market transactions:** National income is the money value of goods and services produced in a given period. A problem arises in

connection with goods and services that are not exchanged through the market, such as:

- (a) Rent is not imputed to owner occupied houses.
 - (b) Value is also not imputed to food produced and consumed by the farmer.
 - (c) Housewives' services are excluded but services of maid – servants and washer-men are included.
- (iii) **Depreciation:** Capital stock wears and tears when used to produce goods or to render services. We account for this as depreciation or capital allowance. To arrive at NNP depreciation is subtracted from GNP. The problem here is how to accurately estimate depreciation. If the value of depreciation is over estimated or under estimated national will be invariable affected.
- (iv) **Inadequate statistical data:** One basic problem of estimating national income is the inadequate statistical data. This problem is more pronounced in developing countries like Ghana and Nigeria. Individuals, business firms and the government at times do not keep proper records of incomes, output and expenditure. Government departments with the responsibilities to collect and collate vital statistical data do not keep up-to-date records. For example in Ghana because of inadequate statistical data on income, the income method is not used in estimating national income.
- (v) **Price Level Changes:** National income is measured in terms of money whose value changes from time to time. It is therefore, difficult to make a stable valuation of national income.
- (vi) **Illegal Incomes:**The problem of avoiding illegal incomes is a challenge. This means illegal income are excluded. This may pose a practical problem to the national income computations since some illegal incomes

may find their way into the national income, such as bunkering, smuggling, money laundering etc.

Examiner's comment

The question on Gross national product was straight forward. However, candidates had challenges with identifying and explaining problems encountered in measuring national income. About 40% attempted this question and less than 50% scored well in this question.

SOLUTION 5

- a. **The money market** is a market for short-term loans. It consists of financial institutions having surplus funds to lend on short-term basis, and those wishing to borrow. The market allocates savings into investment thereby promoting rational allocation of resources. It also encourages savings and investment habits by promoting liquidity and safety of financial assets.

Institutions that operate in the market include the Central Bank, commercial banks, and discount houses. The major short-term instruments associated with the Nigerian money market include treasury securities, commercial papers, call money, Bankers Unit Fund, Bankers' Acceptances, etc.

- b. **Open market operations (OMO):** This refers to purchases and sales of securities in the open market by Central Bank in order to achieve the desired level of money stock in the economy. To reduce money supply, the Central Bank will sell securities in the open market. Conversely, to increase money supply, it will require the purchase of government securities.

Reserve requirements: This refers to the proportion of the total deposit liabilities of the commercial and merchant banks which they are required by law to keep as reserve with the Central Bank. The reserve requirements (i.e cash reserve ratio and liquidity ratio) will be increased to reduce money supply or reduced to increase money supply.

Discount rate: It is the minimum lending rate of the Central Bank at which it rediscounts bills and government securities, or the rate charged by the Central Bank on its loans to the commercial and merchant banks as a lender of last resort. It is used to regulate credit conditions and availability in the economy because other rates depend on it.

Moral suasion: It is the use of persuasion rather than compulsion by the Central Bank to get other financial institutions to adopt a pattern of behaviour that is favourable to effective conduct of the monetary policy.

Special deposits:- Sometimes, commercial and merchant banks are required by law to hold a non-interest bearing special deposit with the Central Bank to complement other contractionary monetary policy measures.

Selective credit control:It involves issuance of credit guidelines to commercial and merchant banks to direct their credit facilities to the so-called favoured or preferred sectors of the economy.

Credit ceiling:It is a directive by the Central Bank prescribing the growth rate of credit expansion by the commercial and merchant banks. This is to ensure stability in both the domestic and external sectors of the economy.

Examiner's comment

Over 70% of the candidates attempted this question. Candidates were required to distinguish between money and capital market. They were also required to discuss instruments of monetary policy. Candidates performed well by identifying and discussing the instruments of monetary policy.

SOLUTION 6

- a. Types of Budget
 - i. **Surplus budget:** This occurs when the expected revenue of the government exceeds the proposed government expenditure for the coming year. It is achieved by reducing government expenditure or increasing taxation or both. This type of budget is usually adopted when the economy is experiencing inflationary pressure because it reduces aggregate effective demand in the economy.

- ii. **Deficit budget:** This occurs when the expected revenue of the government is less than the proposed government expenditure for the coming year. It is achieved by increasing government expenditure or reducing taxation or both. It can also be financed by raising loans from both internal and external sources. This type of budget is used to stimulate production during economic recession or depression.
 - iii. **Balanced budget:** This occurs when the expected revenue of the government is equal to the proposed government expenditure for the coming year. It is usually adopted to keep the level of economic activities relatively stable.
- b.
- i. **Progressive taxation** is the system of tax in which the percentage of income paid as tax varies directly with the level of income. In this case, the higher the income, the greater the percentage of income paid as tax. This simply implies that the rich will pay a greater percentage of their income as tax. Personal income tax is a good example of progressive tax.
 - ii. **Regressive taxation** is the tax system in which the percentage of income paid as tax varies inversely with the level of income i.e. the higher the level of income the lower the percentage of income paid as tax. This form of tax has the potential of widening the gap between the rich and the poor. Examples of such taxes are Indirect taxes.
 - iii. **Direct taxes** are taxes levied directly on the income of individuals and businesses. This means that the incidence of tax rests upon the person who bears its impact. Examples include personal income tax, company income tax, petroleum profit tax, etc.
 - iv. **Indirect taxes** are the ones levied on goods and services. The burden of such taxes will first fall on the producers or manufacturers, wholesalers, importers, retailers who in turn passed it on the consumers in terms of higher prices. The ease with which the burden can be transferred to the consumer will depend on the degree of price elasticity of demand for the good; the more price elastic is the demand for the good, the more difficult it is to pass the burden to the consumer. However, the producer or importer can be able to shift the entire burden of tax to consumers if demand for the product is perfectly price inelastic. Examples of indirect tax include excise duties, import duties, value-added tax, export duties, etc.

Examiner's comment

Virtually all candidates attempted this question. Candidates demonstrated a very good understanding of the types of budgets and the concepts of taxes. The types of taxes were explained and largely, many candidates passed well in this question scoring an average of 70%.

THE ASSOCIATION OF ACCOUNTANCY BODIES IN WEST AFRICA**ACCOUNTING TECHNICIANS SCHEME, WEST AFRICA
SEPTEMBER 2022 EXAMINATIONS (PART 1)****BUSINESS LAW****PLEASE READ THESE INSTRUCTIONS BEFORE COMMENCEMENT OF THE PAPER****EXAMINATION INSTRUCTIONS**

1. All solutions should be in ink. Any solution in pencil will not be marked.
2. Read all instructions on each part of the paper carefully before answering the questions.
3. Ensure that you do not answer more than the number of questions required for **Section B (The Essay Section)**.
4. Check your pockets, purse and mathematical sets, etc to ensure that you do not have prohibited items such as telephone handset, electronic storage device, wrist watches, programmable devices or any form of written material on you in the examination hall. You will be stopped from continuing with the examination and liable to further disciplinary actions including cancellation of examination result if caught.
5. Do not enter the hall with anything written on your docket.
6. Insert your examination number in the space provided above.

TUESDAY, 27 SEPTEMBER, 2022**DO NOT TURN OVER UNTIL YOU ARE TOLD TO DO SO**

**ASSOCIATION OF ACCOUNTANCY BODIES IN WEST AFRICA
ACCOUNTING TECHNICIANS SCHEME, WEST AFRICA
PART I EXAMINATIONS – SEPTEMBER 2022**

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. Which of the following is the generic name of a legislation by the legislative arm at the Local Government?
 - A. Edict
 - B. Act
 - C. Law
 - D. By-law
 - E. Good law

2. One major feature of customary law is that it is
 - A. Rigid
 - B. Codified
 - C. Largely unwritten
 - D. Amended through a court process
 - E. Enacted through due process of legislation

3. Which of the following qualifies as negligent misstatement?
 - A. Careless statements that causes financial and economic loss to a person or an entity
 - B. Careless statements which occasion psychological injury in another
 - C. Careless statements but which results in no harm to anyone
 - D. Statements made with due observance of “duty of care”
 - E. Statements made to another with an express and effective disclaimer

4. The group of Courts categorised as Special Courts are
- A. Sharia Courts, Customary Courts and Upper Area Courts
 - B. Juvenile, Coroners' and Military Courts/Tribunals
 - C. Superior courts, Inferior courts and Special courts
 - D. Supreme Court, Court of Appeal and Customary Court of Appeal
 - E. District Courts, Area Courts and Magistrates Courts.
5. The tort of negligence is committed in the following circumstance when there is
- A. A breach of trust by a trustee to a beneficiary of the trust property
 - B. A breach of duty of care resulting in injury
 - C. A breach of the relationship of Master/Servant in a work place
 - D. An unlawful detention of chattel of another person who has a right of immediate possession to it
 - E. A liability falls upon an individual without his fault.
6. A contract term which goes to the root of a contract is known as
- A. Warranty
 - B. Exemption and limiting term
 - C. Condition
 - D. Illegal contract
 - E. Void contract
7. In commercial transactions, the strong presumption that parties intend legal consequences to flow from their actions is known as
- A. Consideration
 - B. Intention to create legal relations
 - C. Offer
 - D. Acceptance
 - E. Capacity
8. A contract which does not give rise to rights and obligations, but has the full consequences of illegality is referred to as
- A. Complex contract
 - B. Void contract
 - C. Contract of impure motives
 - D. *Contra proferentem* in commercial contract
 - E. Contract tainted by exclusion clauses

9. An example of a contract required by law to be under seal or contained in a deed is
- A. A contract that has been breached
 - B. A simple contract
 - C. A contract by parol
 - D. A contract of gratuitous grant of property
 - E. A contract of buying and selling in a market overt
10. A contract is considered invalid in the following circumstance
- A. If any of the elements of the contract is missing
 - B. Where the contract promotes the cause of the common good
 - C. When all of the elements essential to forming a legal contract are present
 - D. Where the parties to the contract are not *in pari delicto*
 - E. A contract that contains an exemption clause or limiting term
11. Which of the following is an exception to the general rule that no action for recovery lies at the instance of a party to an illegal contract?
- A. Where a contract is collateral to the illegal contract and tainted with illegality
 - B. Where the illegal contract has been breached by non-performance
 - C. Where it is impossible to sue without relying on the illegal contract itself
 - D. Where the parties to an illegal contract are equally at fault
 - E. Where a substantial part of the illegal act has not been performed, a truly repentant party may recover
12. Where an agency relationship is in existence, the right of an agent against her principal is the
- A. Right of the agent to be indemnified by the principal
 - B. Right of the agent to be insulated from accounting to her principal
 - C. Right of the agent to act as it pleases her in the conduct of her agency duties
 - D. Agent's right to keep part of the profit of the agency business for herself
 - E. Right of an agent to pick and choose which of the principal's instructions to follow

13. The rule *delegatus non potest delegare* which governs agency relationship is sacrosanct and can only be exempted where the
- A. Agent is expressly authorised by his principal
 - B. Principal of the agent is a disclosed principal
 - C. Principal of an agent is a legal personality
 - D. Agent is not to be paid a reward or commission for the agency work done
 - E. Agent is acting in good faith and is avoiding conflict of interest
14. Where, in a sale of goods transaction, goods are identified and agreed at the time the contract of sale is made, the goods are classified as
- A. Perishable goods
 - B. Identified goods
 - C. Secured goods
 - D. Specific goods
 - E. Future goods
15. When goods are classified as future goods under a contract of sale of goods, they are said to be
- A. Goods that the seller is yet to manufacture or acquire after the contract of sale is made
 - B. Goods which the seller owns or possesses at the time of the contract
 - C. Goods that are already manufactured and offered for sale in a market overt
 - D. Goods that are not identified and agreed on at the time of sale
 - E. Goods that are stored in a warehouse in anticipation of a sale in the future
16. The performance of all obligations under a hire purchase agreement will result in the following
- A. Consummation of the hire purchase agreement
 - B. Postponement of instalments payable as and when due under the contract
 - C. Termination of the hire purchase agreement
 - D. The crystallisation of the option of both the insurer and garage to maintain the goods or motor vehicle
 - E. Signifies quiet possession and enjoyment of the goods under the hire-purchase agreement

17. Hire purchase agreement is different from a credit sale on the following ground
- A. Hire purchase contract is an agreement to sell, subject to conditions specified by the parties which is not the case in a credit sale
 - B. Unlike a credit sale transaction, in a hire-purchase agreement, parties thereto are deemed to have agreed to transfer property in the goods from the seller to the buyer
 - C. A receiver of goods under a hire-purchase transaction does not purchase the goods but hires them with an option of purchasing them at a later date, whereas, under a credit sale contract, property passes to the buyer immediately
 - D. Both transactions are contracts of bailment of goods in pursuance of an agreement for sale of goods
 - E. Difference of semantics
18. Under a contract of employment, one of the cardinal duties of the employer to the employee is to
- A. Pay wages and remuneration at the regular period contracted but not longer than monthly
 - B. Lend a helping hand to the employee in the performance of her services under the employment contract
 - C. Take decision to modify, extend or cease operations of the employment
 - D. To embark on holidays and take the employee with her
 - E. To forbid the employee from joining a trade union of her choice
19. A breach of warranties under a contract of insurance has the far-reaching implication of
- A. Making the party in breach to be liable only to pay damages to the party prejudiced by the breach
 - B. Adversely affecting the duty of disclosure imposed on the insured
 - C. Exemplifying the principle of utmost good faith which lies at the root of the contract of insurance
 - D. Entitling the party prejudiced by the breach to repudiate the insurance contract
 - E. Preventing a party to the contract of insurance from profiting from his loss

20. A general partnership entered into for an indefinite term can be dissolved by
- A. Any partner giving notice of dissolution to other partners, barring any contrary agreement between the partners
 - B. The death or bankruptcy of any partner, notwithstanding the existence of contrary agreement in the partnership articles
 - C. Unilateral termination of the partnership adventure or undertaking/termination
 - D. A period of one year from the commencement of business by the partnership
 - E. Increase in the general partners to 10 by the admission of more than 2 partners at any one time
21. A Limited Liability Partnership (LLP) may be dissolved by an order of Court in any of the following ways, **EXCEPT**
- A. Where the number of the LLP falls below three and the situation persists for more than eighteen months
 - B. Where the LLP is unable to pay its debts owed to its creditors
 - C. Where all the members of the LLP are unanimously agreed that it be wound up
 - D. Where the LLP constituted a security risk to the sovereignty and or integrity of Nigeria
 - E. Where in the opinion of the court, it is just and equitable that the LLP be wound up
22. Which of the following situation is **NOT TRUE** in respect of the dissolution of limited partnership (LP)?
- A. Provisions relating to its dissolution are contained in CAMA, 2020
 - B. Where there are no special provisions governing a particular situation in respect of the limited partnership under the CAMA, recourse may be had to provisions relating to the Limited Liability Partnership (LLP) under the CAMA
 - C. The limited partnership (LP) is self-dissolving by effluxion of time, being limited in existence to the number of years it was registered for
 - D. The limited partnership can be dissolved where its continued existence threatens the security or public order of Nigeria

- E. The limited partnership is liable to be dissolved where the entity has defaulted in filing with the Commission its annual returns for any 10 (consecutive) financial years
23. The technical name given to any person who undertakes to take part in forming a company, with reference to a given project and takes necessary steps for its accomplishment is
- A. Investor
 - B. Director
 - C. Promoter
 - D. Business tycoon
 - E. Entrepreneur
24. One of the members appointed from among the board of directors to oversee the day-to-day affairs of a company is designated as a/the
- A. Personnel Director
 - B. Supervisory Director
 - C. Executive Director
 - D. Auxiliary Director
 - E. Managing Director
25. A special type of arrangement whereby persons pool their subscriptions usually under a trust deed is known as
- A. Alumni Association Scheme
 - B. Cooperative Investment and Credit Society Scheme
 - C. Ponzi Scheme
 - D. Collective Investment Scheme
 - E. Arrangement and Compromise scheme
26. The banker's duty to honour its customer's cheque or other instructions to pay is sacrosanct only in which of the following instances?
- A. Where the customer has countermanded the cheque
 - B. Where the banker has notice of the customer's demise
 - C. Where a garnishee order has been served on the banker
 - D. Where the customer has drawn his cheque with care and diligence on an account with sufficient fund
 - E. Where the cheque appears forged or altered on the face of it.

27. A banker's duty to pay on its customer's instructions is terminated without further ado, where
- A. A customer fails to duly notify the bank of any knowledge of suspicious dealings on his account
 - B. A customer protects his account from fraudulent dealings by drawing his cheque with care and diligence
 - C. There is sufficient fund in the bank account of the customer together with the customer's enjoyment of other credit facilities with the bank
 - D. There is insufficient fund in the bank account of the customer and the customer does not enjoy other credit facilities with the bank
 - E. A customer pays appropriate bank charges and interest on loans
28. A negotiable instrument may be discharged in the following ways **EXCEPT?**
- A. Express waiver or renunciation
 - B. Cancellation
 - C. Partial payment of the instrument by the drawee or acceptor
 - D. Alteration
 - E. Acceptance
29. An absolute and unconditional renunciation or waiver of his rights by a holder of a negotiable instrument against the acceptor renders the instrument
- A. Discharged
 - B. Annulled
 - C. Destroyed
 - D. Withdrawn
 - E. Defaced
30. The termination of a trust relationship may be in the following ways **EXCEPT?**
- A. By Disclaimer
 - B. By Removal
 - C. By Retirement
 - D. By Death
 - E. By Arraignment

ATTEMPT ALL QUESTIONS

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

1. Which arm of the government is responsible for enacting laws in Nigeria?
2. An order appointing a person as the administrator of a company is.....
3. The English House of Lords in the case of *Hedley Byrne & Co. Ltd v Heller & Partners Ltd*. (1963) 3 W.L.R.101 laid down an authoritative rule creating a duty of care regarding
4. The main classification of Courts in the Nigerian Court system is into and Courts
5. A *prima facie* evidence of the title of a member to the shares of a company is the
6. A preliminary communication which precedes an offer in a contractual arrangement is known as
7. An illegal contract is
8. A is a type of contract that dispenses with the requirement of consideration as an essential element of that contract.
9. A contract that is either void or voidable is an example of a/an
10. As a general rule, an agent that has performed his duties on behalf of the principal is entitled to be
11. Goods to be manufactured or acquired sequel to a contract of sale, are called goods.
12. Where a contract of hire-purchase is ended by supervening circumstances beyond the control of the parties, this is known as termination by
13. The major duty of an employee to his employer is that of

14. Terms of an insurance contract that are supplementary to main terms of the contract are called
15. A limited liability partnership that is not dissolved voluntarily, can instead be dissolved by
16. Another name for the Deputy Registrar of the Federal High Court designated by the Chief Judge of the Court in a winding up petition is the
17. Apart from the open-ended investment company and the real estate investment trust, another type of collective investment scheme dealt with under the Investments and Securities Act (ISA) is the
18. Where a garnishee order is served on a banker, his obligation to pay on his customer's instruction is
19. Where there is an intentional and apparent cancellation of a negotiable instrument by the holder or his agent, the bill is deemed
20. A trustee that refuses to act, or is found to be unfit, or stays outside the country for a period of 12 years may have his appointment terminated by

SECTION B: ATTEMPT ANY FOUR QUESTIONS (50 Marks)

QUESTION 1

- a. State the legislative organs at the three tiers of government in Nigeria and explain **ONE** of them briefly. (2½ Marks)
- b. The law of contract is at the centre of most human activities as it regulates a lot of the day-to-day of our activities.

Required:

State **FOUR** essential elements of a valid contract and explain briefly the concept of "Invitation to treat".

- 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.

QUESTION 2

- a. State **TWO** characteristics of customary law and explain briefly **ONE**.
b. Where the subject matter of a contract is illegal or where the consideration or any part of it is illegal, such contract is void *ab initio* and unenforceable because the courts will not enforce an illegality.

Required

State and explain briefly the broad types of illegal contracts.

- c. The rights and duties of the parties to a contract of employment are primarily found in the contract of employment itself where written, or established by evidence, where entered into orally.

Required

State **THREE** duties of the employer to the employee and explain briefly the employee's duty of care and skill.

QUESTION 3

- a. State the major effects of negligent misstatement on a person and briefly explain **ONE** of the effects.
b.
i. State the difference between a simple and specialty contract.
ii. Bola has concluded negotiations to purchase the House at 20, Koko Close through Mr Ade who is agent to Chief Agbana. Bola requested for a "Deed of Transfer" from Chief Agbana through Mr. Ade. Chief Agbana declined, saying it was not necessary to give any Deed to Bola once Mr Ade had given him a piece of paper where Mr. Ade wrote that Bola has paid for the house.

Required

Advise Bola.

- c. A contract, by which one party, known as the insurer, undertakes to indemnify another party, the insured, against risk of loss, damage, or liability arising from the occurrence of some specified contingency, is called contract of insurance.

Required

State **TWO** principles or concepts of contract of insurance and explain briefly the difference between conditions and warranties under general contract and contract of insurance.

QUESTION 4

- a) State the major forms of classifications of courts in Nigeria and explain briefly the meaning of a special court.
- b) State **THREE** ways by which a contract may be discharged or terminated and briefly explain the phrase “breach of contract”.
- c)
- i. State **TWO** categories of persons who may petition the court for the winding up of a company registered under CAMA, 2020.
 - ii. A winding up petition was presented in the Kwara State High Court, Ilorin against XYZ Limited whose registered office is in Minna Niger State. In the course of the hearing, lawyer to XYZ Limited raised a preliminary objection to the fact that the suit ought to have been filed in the Lagos State High Court and not in Kwara State High Court, Ilorin.

Required

Advise the parties.

QUESTION 5

- a) State the meaning of tort and explain briefly the tort of vicarious liability
- b)
- i. State **THREE** duties an agent owes his principal.
 - ii. Wobia sold some printing equipment on behalf of his principal, Chief Atenuje, the sole member and director of ABC Limited, a small company designate under CAMA, 2020. When Chief Atenuje was carrying out the yearly audit of his business, it was discovered that Wobia did not disclose the actual amount of the sales and neither paid full amount obtained for the sales into the company’s account.

Required

Advise Chief Atenuje on the implications of Wobia's actions.

- c) State **ONE** circumstance under which the registration of a business name is non-mandatory and briefly explain **ONE** requirement for the filing of annual returns for a business name.
- d) State **ONE** business considered as "banking business" under the banking statute and explain briefly the meaning of a bank.

QUESTION 6

- a. State **ONE** of the various types of partnerships available under Nigerian law and explain briefly **ONE** of the essential elements of a general partnership.
- b. State the common classification of goods under a contract of sale of goods and explain briefly **TWO** of them.
- c. State **ONE** way through which a negotiable instrument may be discharged and briefly explain the meaning of "negotiable instrument".
- d. State **THREE** ways through which a trust relationship may be formally ended and briefly explain **ONE** of the ways.

SECTION A - PART I

MULTIPLE-CHOICE SOLUTIONS

- 1. D
- 2. C
- 3. A
- 4. B
- 5. B
- 6. C
- 7. B
- 8. B

9. D
10. A
11. E
12. A
13. A
14. D
15. A
16. C
17. C
18. A
19. D
20. A
21. A
22. C
23. C
24. E
25. D
26. D
27. D
28. C
29. A
30. E

Examiner's comment

The questions achieved a good spread over the syllabus. With the exceptions of two of them that had ambiguous solutions, they were clearly stated, and candidates who prepared well should have no problems understanding them.

SECTION A - PART II

SHORT-ANSWER SOLUTIONS

1. Legislature
2. An administration order
3. Negligent misstatement
4. Superior and Inferior
5. Share certificate
6. Invitation to treat
7. Unenforceable/void
8. Contract under seal/ Deed
9. Unenforceable contract
10. Indemnified
11. Future
12. Act of God/ Frustration
13. Obedience to instructions/ exercise of skill
14. Warranties
15. Order of Court
16. Official Receiver
17. Unit Trust Scheme
18. Terminated
19. Discharged
20. Removal

Examiner's comment

The questions achieved a good spread over the syllabus. They were clearly stated, and candidates who prepared well should have no problems understanding them.

SECTION B

SOLUTION 1

a) The legislative organs at the three tiers of government in Nigeria are as follows:

- (i) National Assembly (that is Senate and House of Representatives),
- (ii) House of Assembly of each State,
- (iii) Legislative Council (comprising the Councillors) of the local government.

Explanations:

- (i) The National Assembly makes laws at the Federal Level;
- (ii) The House of Assembly of each State in the federation makes laws for their respective State; and
- (iii) The Legislative Council of each Local Government in the federation makes By-Laws for the Local Government.

b) The **FOUR** essential elements of a valid contract are the following:

- (i) Offer
- (ii) Acceptance
- (iii) Consideration.
- (iv) Intention to create legal relations; and
- (v) Capacity to enter into a contract
- (vi) Legality

Invitation to treat: This precedes an offer and thus constitutes a preliminary communication which indicates a willingness to enter into negotiations. It is an invitation to the person to whom it is directed (the recipient) to make an offer.

c) A contract of employment may be brought to an end in the following ways:

- (i) Operation of law (death, frustration, bankruptcy, insanity etc);
- (ii) Prolonged illness of the employee;
- (iii) By agreement of the parties;
- (iv) Conscription of the employee during war; and
- (v) Winding up of the employer's company;

Examiner's comment

The question tests candidates understanding of the legislative branch of government in all tiers of government, the elements of a valid contract, and termination of a contract of employment. The components were clear and suitable to the level of the students being tested.

SOLUTION 2

- a) Characteristics of customary law include the following:
- i. Acceptance by the community;
 - ii. Flexibility;
 - iii. Largely unwritten; and
 - iv. Established by proof of assessors or authoritative books.

Explanation on any **ONE** characteristic:

- Acceptance by community: this means that the custom is accepted as an obligation by the community. It is recognised as law by the members of the ethnic group, often described as “a mirror of accepted usage”.
- Flexibility: one striking feature of native customary law in the West African sub-region is its flexibility, subjecting itself to motives of expediency; and showing exceptional adaptability to altered circumstances without entirely losing its character.
- Largely unwritten; ethnic customary law is largely unwritten unlike the Moslem customary law which is principally in written form.
- Its establishment is by proof through assessors or authoritative books: this mean the establishment of the custom of a particular ethnic group is by proof of assessors who are versed and versatile in that custom and by placing reliance on books that are authoritative on the nature of a particular custom.

- a) Illegal contracts are of two broad types:
- Contracts prohibited by statute; and
 - Contracts prohibited at common law

Brief explanations on major types of illegal contracts:

- Contracts prohibited by statute: these are contracts which are forbidden from being undertaken at all. For example, it is a crime to traffic in human persons under the Trafficking in Persons (Prohibition) Enforcement and Administration Act, 2015.

- Contracts prohibited at common law: These set of contracts are basically prohibited under the concept called “Public policy”. Although no new categories are created, there are however seven settled categories.

b) **The duties of the employer to the employee include the following:**

- Duty to provide work for his employee, especially where the opportunity for work is contained in the contract of service;
- Duty to pay wages or remuneration;
- Duty to provide a written statement of the terms of employment within three months after the employee has assumed duty;
- Duty of care, that is, to provide a safe system of work, which include proper appliances and plants, supportive staff, proper and effective work system
- Duty to provide testimonial or reference; and
- Duty to provide indemnity.

c) **Explanation on the employee’s duty of care and skill:**

There is an implied term that an employee who accepts a particular job and takes it up professes the necessary skill required for the reasonable performance of the job and that he would carry out his duties with reasonable care.

Examiner’s comment

The question tests candidates’ understanding of the characteristics of customary law, types of illegal contract, and the rights and duties of the parties to a contract of employment. The components were clear and suitable to the level of the students being tested.

SOLUTION 3

a. Negligent misstatement may have either of the following effects:

- It may cause **physical damage** to the person who relies on it; or
- It may cause **purely financial (economic) loss** to such person.

Explanations on any ONE effect:

Physical damage: the courts have always imposed a duty of care on individuals to avoid making careless statements, which result in harm to other persons and in case of physical injury, it has long been settled that a duty of care exists.

In cases of statements causing financial and economic loss, the position had hitherto been that unless there is a fiduciary or contractual obligation involved, no liability would accrue. This position has however been altered in the case of *Hedley Byrne Co. Ltd v Heller & Partners Ltd.* (1963), where the HL laid it down that negligent misstatement without fraud, may give rise to an action for damages for financial loss suffered by a person who acted on the misstatements.

- b.
- i. A simple contract can be made orally, in writing or by drawing necessary inference from the conduct of the parties. A specialty contract, for example, must be in writing, signed by the parties, and sealed, probably with a company seal; and then it must be delivered to the parties to the contract.
 - ii. Bola should insist on getting a Deed of Transfer from Chief Agbana, because the contract involves one for the sale of a fixed property such as land or building which is regarded as a specialty contract and is therefore required to be conveyed by a Deed which is a document under seal.
- c. The principles/concepts of contract of insurance includes the following:
- Insurable interest;
 - Premium;
 - Indemnity;
 - Utmost good faith;
 - Principle of disclosure;
 - Conditions and Warranties; and
 - Subrogation

Under a general contract law, conditions are terms that are fundamental to, or go to the roots of a contract whose breach renders the transaction void and rescission can follow. On the other hand, warranties are terms that are not fundamental as such but only supplementary to main terms of the contract.

Under contract of insurance however, the application of these terms though used interchangeably attract stricter construction and a breach of either concept entitles the other party to repudiate the contract.

Examiner's comment

The question tests candidates' knowledge of the effects of negligent misstatement, the difference between simple and specialty contracts, the principles of contract of insurance, and the difference between condition and warranties in such a contract. The components were clear and suitable to the level of the students being tested.

SOLUTION 4

a) Courts in Nigeria may be classified in several ways, but the major forms of classification are:

- Superior and inferior courts; and
- Courts of record and courts not of record.

Explanation on the meaning of special court:

Special courts are courts such as juvenile courts established for the trial of young offender and for the welfare of the young; and a coroner's court where the coroner is empowered to hold inquest on the body of a deceased person belonging to any other class specified by the appropriate Coroners Law. Tribunals are also special courts.

b) The termination or discharge of a contract may arise by:

- Express agreement;
- Performance;
- Breach;
- Frustration; or
- Death

A breach of contract occurs where one party fails to do that which he has promised under the contract, either wholly or partly. Such failure destroys the contract, and the injured party may elect to rescind the contract and sue for damages.

c)

i. The following persons may petition the Court for winding up of a company:

- The company itself;
- A creditor or assignee of a debt owed by the company;
- A contributory (if company is limited by guarantee);
- Official Receiver;
- The Corporate Affairs Commission; and
- A Receiver authorised by debenture deed

ii. The proper court for instituting a winding up proceeding against XYZ Ltd., is the Federal High Court (FHC). The FHC that has jurisdiction is the one in the area that the registered office of the company is; and in this case, Federal High Court, Minna Division in Niger State. The objection raised by the company lawyer is a non-issue.

Examiner's comment

The question tests candidates' understanding of classification of courts, ways of discharging a contract, persons that may petition the Court for company winding up, and the appropriate Court in which to file the petition. The components were clear and suitable to the level of the students being tested.

SOLUTION 5

- a) A tort is a civil wrong that has no criminal consequences. It is a breach of personal duties fixed by law and such duty is owed to persons generally and when it is breached, an action lies in damages.

The tort of vicarious liability is a liability that falls upon an individual without his fault. It is a liability imposed upon a person by the actions of another person who is under his control and acting within the scope of his duties. An example is Master/Servant relationship.

b)

i. The duties of an agent include the following:

- An agent must not delegate his authority unless expressly otherwise authorized by the principal;
- An agent must act in good faith;
- An agent must exercise due care and skill professed by him;
- An agent must not make secret profit;
- An agent must not disclose confidential information; and
- An agent must render an account to the principal as and when due.

ii. Wobia has breached the duties of good faith, not to make secret profit and to render account to Chief Atenuje. Chief Atenuje will succeed to recover the secret profit from Wobia.

c) Non-mandatory registration of business names will occur in the following circumstances:

- i. Where the business bears the true names of the business owner.
- ii. Where the addition to the name of an existing business name is to be made merely to indicate that the business is carried on in succession to the former owner;
- iii. Two or more individual partners have the same surnames and the only addition is "s" at the end of the surname;

- iv. The business is carried on by a receiver or manager appointed by the court.

Section 570 CAMA provides that every firm shall not later than 30th day of June in each year file annual returns to CAC in a prescribed form showing the following particulars:

- i. Particulars of the firm, company or individuals;
 - ii. The nature of the business carried on in the business name; and
 - iii. The state of the financial affairs of the business carried on in the business during the preceding period of January 1 to December.
- d)
- (i) The following are regarded as “banking business”:
 - i. Receiving money from outside sources as deposits irrespective of the payment of interest;
 - ii. Granting of money loans;
 - iii. Acceptance of credit;
 - iv. Purchase of bills and cheques.
 - (ii) A bank is any “person”, who being incorporated as a financial institution, possession of a valid bank licence and carries on banking business.

Examiner’s comment

The question tests candidates’ understanding of the meaning of tort and the tort of vicarious liability, the duties of an agent to the principal, the action that the principal could take when an agent breaches the duty, business names that must be registered, and the meaning of banking business.

The components were clear and suitable to the level of the students being tested.

SOLUTION 6

- a. There are three types of partnerships that are available under Nigerian law as follows:
 - i. General partnership;
 - ii. Limited partnership; and
 - iii. Limited Liability Partnership.

The three elements of a general partnership are the following:

- i. The first in the three elements is “carrying on business”; applicable statutes define ‘business’ to include “every trade, occupation or profession. While what constitutes a trade or occupation could be easily agreed upon, ‘profession’ has been defined as “what are recognised among businessmen as commercial or professional business.
 - ii. The second is that the business must subsist between persons; this second element means that the partnership business must be carried on by or on behalf of at least two persons; and,
 - iii. The third is: the business must be carried on for profit making and sharing. sharing.
- b. In sale of goods contracts, goods are commonly classified as follows:
- (i) Specific goods;
 - (ii) Unascertained goods;
 - (iii) Existing goods;
 - (iv) Future goods; and
 - (v) Ascertained.
- i. Specific goods: by section 62 of the Sale of Goods Act, these are goods that are identified and agreed at the time a contract of sale is made. It must be perfectly clear which goods are being sold, e.g., “that blue car there”, in the car sales room;
 - ii. Unascertained goods: If goods are “identified and agreed on” at the time of sale, they are specific goods, however if they are not “identified and agreed on” they are unascertained goods, for example, “500 bags of rice out of the bags kept in my warehouse”;
 - iii. Existing goods: By section 5 (1), these are goods which the seller owns or possesses at the time of the contract and they may be either specific or unascertained;
 - iv. Future goods: These are goods that the seller is to manufacture or acquire after the contract of sale is made, and they are generally unascertained goods; and
 - v. Ascertained goods are goods identified at the time of the contract.

- c. A negotiable instrument may be discharged in the following ways:
- i. Full payment of the Instrument;
 - ii. Express waiver or renunciation;
 - iii. Alteration;
 - iv. Cancellation;
 - v. Acceptance; and
 - vi. Negotiation

A negotiable instrument can be defined as a chose in action relating to financial or commercial documents which must be in writing. It is an unconditional order in writing, addressed by one person to another, signed by the person giving it, requiring to whom it is addressed to pay on demand a certain amount at a fixed or future determinable date.

A trust may be terminated through four ways namely:

- Disclaimer;
- Removal;
- Retirement; and
- Death.

Explanation of the ways

- **Disclaimer:** This is when a person appointed trustee declines the appointment and disclaims the trust;
- **Removal:** A trustee may be removed by the owner of trust property, if for instance the trustee refuses to act or stays outside the country for a period of 12 months in a stretch;
- **Retirement:** This happens when a trustee wishes to discontinue in office and therefore decides to formally retire so as to be discharged from office; and
- **Death:** the death of an appointed trustee automatically terminates his appointment.

Examiner's comment

The question tests candidates' understanding of types and elements of partnership, classification of goods under a contract of sale of goods, discharge of a negotiable instrument, and termination of a trust relationship. The components were clear and suitable to the level of the students being tested.

THE ASSOCIATION OF ACCOUNTANCY BODIES IN WEST AFRICA



**ACCOUNTING TECHNICIANS SCHEME, WEST AFRICA
SEPTEMBER 2022 EXAMINATIONS (PART I)
COMMUNICATION SKILLS**

PLEASE READ THESE INSTRUCTIONS BEFORE COMMENCEMENT OF THE PAPER

EXAMINATION INSTRUCTIONS

1. All solutions should be in ink. Any solution in pencil will not be marked.
2. Read all instructions on each part of the paper carefully before answering the questions.
3. Ensure that you do not answer more than the number of questions required for **Section B (The Essay Section)**.
4. Check your pockets, purse, mathematical set, etc, to ensure that you do not have prohibited items such as telephone handset, electronic storage device, wrist watches, programmable devices or any form of written material on you in the examination hall. You will be stopped from continuing with the examination and liable to further disciplinary actions including cancellation of examination result if caught.
5. Do not enter the hall with anything written on your docket.
6. Insert your examination number in the space provided above.

WEDNESDAY, 28 SEPTEMBER, 2022

DO NOT TURN OVER UNTIL YOU ARE TOLD TO DO SO

ASSOCIATION OF ACCOUNTANCY BODIES IN WEST AFRICA
ACCOUNTING TECHNICIANS SCHEME, WEST AFRICA
PART I EXAMINATIONS – SEPTEMBER 2022

COMMUNICATION SKILLS

Time allowed: 3 hours

SECTION A: Part 1 MULTIPLE-CHOICE QUESTIONS (20 Marks)

ATTEMPT ALL QUESTIONS

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

1. Effective communication on digital platforms is enhanced by the following, **EXCEPT**
 - A. Clear audio quality
 - B. Clear video quality
 - C. Use of visual aids
 - D. Face-to-Face approach
 - E. Well charged phone or laptop

2. Which of the following does **NOT** belong to the social media?
 - A. Print newspaper
 - B. Blogs
 - C. Podcasts
 - D. WhatsApp
 - E. Web chats

3. A verb is transitive when the action being expressed is impacted on the
 - A. Pronoun
 - B. Subject
 - C. Predicate
 - D. Indirect object
 - E. Direct object

4. Words are stringed together to form correct English sentences through the application of the
 - A. Rule of law
 - B. Rule of construction
 - C. Rule of concord
 - D. Rule of infrastructure
 - E. Rule of adjustment

5. 'Noise' in communication can be the following, **EXCEPT**
- A. Physical
 - B. Psychological
 - C. Physiological
 - D. Systemic
 - E. Linguistic
6. Which of the following is **NOT** required in effective communication?
- A. Verbosity
 - B. Clarity
 - C. Preciseness
 - D. Correctness
 - E. Completeness
7. Which of the following does **NOT** promote interaction in communication?
- A. Congratulatory messages
 - B. Soliloquy
 - C. Birthday cards
 - D. Sporting events
 - E. Newsletters
8. Which of the following expressions is correct?
- A. Whom is that?
 - B. Who self is that?
 - C. Whom self is that?
 - D. Whose is that?
 - E. Whose self is that?
9. The word underlined in this sentence: "His answer is the same as his brother's" is a
- A. Noun
 - B. Preposition
 - C. Verb
 - D. Adverb
 - E. Pronoun
10. The underlined word in this sentence: "An abstract noun is thus the name of a mental conception" is
- A. Common noun
 - B. Adverb
 - C. Verb
 - D. Pronoun
 - E. Preposition

11. In a sentence, the part of speech that indicates the action done by the subject is
- A Noun
 - B Adjective
 - C Pronoun
 - D Adverb
 - E Verb
12. Exclamation mark is denoted by
- A .
 - B ;
 - C ,
 - D ?
 - E !
13. Which of the following is **NOT** a type of verb?
- A Intransitive
 - B Intensive
 - C Linking
 - D Transitive
 - E Auxiliary
14. Which of the following is **NOT** a figure of speech?
- A Proverb
 - B Onomatopoeia
 - C Hyperbole
 - D Assonance
 - E Innuendo
15. The major advantage of face-to-face communication is
- A Speed
 - B Feedback is immediate
 - C Reliability
 - D Simplicity
 - E Freedom

16. No sooner had he arrived the crowd burst into spontaneous acclamation.
- A Before
 - B Than
 - C After
 - D And
 - E When
17. I went to school with the sole purpose meeting the striking teachers.
- A Of
 - B For
 - C To
 - D In
 - E At
18. The boy narrowly escaped being crushed by the moving train at the
- A interjection
 - B interception
 - C intermission
 - D intersection
 - E interaction
19. We arrived at the stadium after the match
- A ended
 - B was ended
 - C would have ended
 - D had ended
 - E ends
20. She didn't have to attend the wedding party,.....?
- A didn't she
 - B couldn't she
 - C did she
 - D don't she
 - E does she

SECTION A: PART II

SHORT ANSWER QUESTIONS

(20 Marks)

ATTEMPT ALL QUESTIONS

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

1. When a meeting comes to an end, a(n) is declared?
2. Communication through letters or emails is communication
3. The possessive pronoun is used to mark
4. In traditional grammar, the participle is a non-finite
5. Minutes of a meeting are written and formally adopted as record of proceedings at a meeting.
6. A is a shared online journal where people can post diary entries about persons or experiences.
7. A meeting for an exchange of ideas among professional colleagues is a(n)
8. A brief intensive training course for a small group is a(n)
9. The business of drawing public attention to goods and services is
10. A(n) is a sketchy summary of the main points of an argument or theory.
11. The workers sent a congratulatory message to the Chairman the occasion of his seventieth birthday.
12. The list of issues to be treated at a meeting is called a(n)
13. As the referee blew the final whistle, the excited jumped into the pitch to rejoice with members of the victorious team.
14. Neither the Manager his deputy attended the meeting.
15. The motion to be moved before a meeting is closed is called motion for
16. The plural form of the word "sheep" is

17. A pronoun is a word used in place of a(n)
18. When two people talk over a phone, it is an example of communication.
19. A punctuation mark, used at the end of a sentence to express a strong feeling is called a(n)
20. Dialogic listening means, learning through

SECTION B

COMPULSORY

(30 Marks)

COMPREHENSION

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

In all countries, rich or poor, advanced or underdeveloped, Agriculture is considered the most fundamental of man's occupation. So pervasive in fact is the influence of Agriculture that even in the most powerful industrial nations it can make and unmake politicians and governments. One of the ostensible reasons why Georgy Malenkov lost the premiership of the Soviet Union a few years ago was his poor handling of the Russian agricultural question. In the United States the farm vote has always been a strong factor in national elections. It was for instance an important factor in sweeping President Truman into power in 1948 even after he had lost the pivotal votes of industrial New York.

What is the source of this power and influence which Agriculture obviously exerts in almost every country of the world? The answer to this question is simple and obvious. We simply must eat in order to live. Whatever our stations in life - whether we are labourers or managers, nightsoilmen or premiers, commoners or noblemen- we all depend on Agriculture for our very lives. We can live after a fashion without our music without our paintings and sculptures, without the knowledge of our past, and without our literature; we cannot live for long without the produce of the soil – that is, we cannot live at all without our yams, our gari, our potatoes and our vegetable oils.

Scientific advancements has not changed very radically the character of man's dependence upon his soil; what science has succeeded in doing is to make earth yield more of its abundance, thereby releasing men from agricultural pursuits for other forms of industry.

While it is an undeniable fact that all nations depend upon Agriculture for their supplies of food and basic raw materials, the significance of Agriculture in national economies varies from one country to another. This variation is a manifestation of

both the state of technical development within Agriculture and outside it. In other words, the extent to which the national income of any given country derives from Agriculture is a strong indication of the 'state of the arts' in that country.

In all, Agriculture makes its contribution to economic development of a nation in different ways. Agriculture not only provides food and raw material to non-agricultural sectors of the economy, but also creates demand for goods produced in non-agricultural sectors, by the rural people on the strength of the purchasing power, earned by them on selling the marketable surplus, and by providing investable surplus in the form of savings and taxes to be invested in non-agricultural sector, earning valuable foreign exchange through the export of agricultural products, and by providing employment to a vast army of uneducated, backward and unskilled labour.

(Adapted from S. O. Asein and A. O. Ashaolu *Use of English*, Heinemann JME Revision Series, Ibadan, 1986)

- a. State the number of countries mentioned in the first sentence. **(1 Mark)**
- b. Why does the author dwell on the situation in the industrial nations in the first paragraph? **(3 Marks)**
- c. What does the author mean by saying that 'Agriculture can make and unmake politicians and governments'? **(3 Marks)**
- d. What is one simple reason given for the importance of Agriculture in the life of a nation? **(3 Marks)**
- e. What is the author's assertion on the effect of scientific knowledge on Agriculture? **(3 Marks)**
- f. What argument was put forward by the author on advancement in scientific knowledge? **(3 Marks)**
- g. What is the author's opinion on the degree of commitment of a nation to Agriculture? **(2 Marks)**
- h. "whether we are labourers or managers, nights oilmen or premiers, commoners, or noblemen"
 - i. What is the grammatical name given to the above expression as used in the sentence? **(1 mark)**
 - ii. What is its function? **(2 Marks)**

- i. Give **ONE** word to replace each of the following words as used in the passage:
- i. Fundamental (1 Mark)
 - ii. Pervasive (1 Mark)
 - iii. Obvious (1 Mark)
 - iv. Produce (1 Mark)
 - v. Radically (1 Mark)
 - vi. Pursuits (1 Mark)
 - vii. Significance (1 Mark)
 - viii. Valuable (1 Mark)
- (Total 30 Marks)**

SECTION C ANSWER ANY TWO QUESTIONS (30 Marks)

QUESTION 1

Listening is an important skill in human communication

Required

- a. State **FIVE** barriers to listening (5 Marks)
- b. Explain how the barriers stated in (a) can be overcome (10 Marks)

QUESTION 2

- a. Explain briefly what a business report is (3 Marks)
 - b. Discuss briefly **FOUR** types of Business reports (12 Marks)
- (Total 15 Marks)**

QUESTION 3

You have been working in Life-Link Company for ten years and the products of the organisation have been yielding good profits. However, in the last one year, sales have dropped, and the management is worried. The Chief Executive is planning to sack some staff as the company could no longer break even. As the Marketing Manager, you are tasked with the job of how sales are to be improved.

Required:

Write a proposal to the Management explaining at least **TEN** strategies that can be adopted in improving the sales. (15 Marks)

QUESTION 4

1. Explain briefly each of the following speech delivery methods:
 - i. Impromptu speech
 - ii. Extemporaneous speech
 - iii. Speaking from Manuscript
 - iv. Speaking from memory

(15 Marks)

SECTION A - PART I

MULTIPLE CHOICE SOLUTIONS

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

Examiner's comment

This part of Section A is compulsory for all candidates. The questions covered the entire syllabus. The performance is good as 75% of them scored 50% and above of the allocated marks. Candidates should endeavour to further familiarise themselves with every section of the syllabus for better performance in future examinations.

SECTION A – PART II

SHORT-ANSWER SOLUTIONS

1. Adjournment
2. Non-verbal/written
3. Ownership/possession
4. Verb
5. Official/legal/formal
6. Blog
7. Conference
8. Workshop
9. Advertising
10. Outline/synopsis/review/recap
11. On
12. Agenda
13. Spectators/fans/supporters
14. Nor
15. Adjournment
16. Sheep
17. Noun
18. Interpersonal
19. Exclamation
20. Conversation

Examiner's comment

This part of Section A is also compulsory for all candidates. The questions also covered the entire syllabus. Candidates' performance was just average as only 45% of them scored 50% and above of the allotted marks. Candidates need to pay particular attention to this part of the syllabus by familiarising themselves with the terms and concepts that are peculiar to the subject if they want to have improved performance in future in this part.

SECTION B COMPULSORY

COMPREHENSION

- a. All the countries in the world.
- b. The reason is that industrial nations are expected to show less interest in their agricultural programmes, but the reverse is the case,
- c. The success or failure of politicians and governments has a bearing or bears a direct relationship to the rise and fall of agricultural productivity.
- d. Everyone depends on Agriculture for survival.
- e. Scientific knowledge has not radically affected the degree of man's dependence on Agriculture.
- f. Advancement has brought greater diversification in the day-to-day commitments of man.
- g. The degree of commitment of a nation to Agriculture varies from one nation to another.
- h.
 - i. Adjectival Clause
 - ii. It qualifies (the noun) 'stations'
- i.
 - i. Fundamental: Essential, Vital, Cardinal, Important, Basic
 - ii. Pervasive: Prevalent, Extensive, Common, Rife.
 - iii. Obvious Clear, Plain, Evident, Open, Patent, Apparent, Conspicuous, noticeable, manifest.
 - iv. Produce: Food, Crops, Fruit, Vegetables, Greens, Goods, Harvest, Production, Products.
 - v. Radically: Fundamentally, Wholly, Completely, Entirely, Basically, Absolutely, Fully, Purely.
 - vi. Pursuits: Business(es), Realms, Fields, Lives, Systems, Domains.
 - vii. Significance: Importance, Import, Influence.
 - viii. Valuable: Profitable, Beneficial, Worthwhile.

Examiner's comment

This section is designed to test candidates' ability to read for understanding as well as their vocabulary level. This section is compulsory for all candidates. The performance is poor as about 30% of the candidates scored 50% and above of the marks allocated to this section.

Candidates' shortcomings include:

- i. Inability to read and understand important facts in a given text;
- ii. Inability to understand the technique for answering comprehension questions;
- iii. Poor use of language;
- iv. Low vocabulary level;
- v. Lack of knowledge of grammatical structures.

Candidates should pay attention to the following if they wish to improve their performances in subsequent examinations. They must:

- a) read widely;
- b) learn the technique for answering comprehension questions;
- c) learn how to read for information contained in selected passages;
- d) improve their vocabulary level by making use of good dictionaries;
- e) familiarise themselves with the elements of the English Language;
- f) make use of ICAN study text, past question papers and solutions.

SECTION C

SOLUTION 1

- a. The following are listening barriers
 - i. Mind wandering/ internal noise
 - ii. Speech lag
 - iii. Negative perception regarding the speaker /topic
 - iv. Emotional noise
 - v. External/environmental noise
- b.i. **Mind wandering:** Another name for mind wandering is internal noise. This is a situation where the listener is troubled within or internally preoccupied by something other than the object of listening. In this circumstance, listening cannot be effective. The speaker cannot help the listener in this case. It is the listener who must make a deliberate effort to eliminate the internal interference.
- ii. **Speech lag:** We think much faster than we speak. In fact, we process words in our thinking four to five times faster than we can speak them. This lag in speech can cause a listening problem for the listener. It is the speaker that can help the listener in this case by avoiding a slow speech or drawl.

- iii. Negative perception regarding the speaker/ topic: A listener who does not cooperate with the speaker makes delivery more difficult. Negative perception regarding the speaker/topic, for instance, if the listener has a negative perception regarding the speaker or the subject matter, it will negatively affect listening. The listener has to incline positively to the speaker or the topic if listening must be improved upon and meaningful.
- iv. Emotional noise: this consists of words that arouse strong feelings in a listener. If a speaker frequently uses a word like 'bastard' in the presence of a listener born out of wedlock, if the listener does not walk out on the speaker, he is likely to shut down his auditory faculty. As much as possible, the speaker should avoid the use of emotive expressions.
- v. External/Environmental noise: Environmental noise such as sounds from traffic or musical garbets external to the environment of speaking can impair the listening process. The speaker should pause to allow the noise to pass by to help the listening audience.

Examiner's comment

The question is to test candidates' knowledge of one of the four basic language skills- listening, which an important skill in human communication. Candidates are required to state five barriers to listening and how they can be overcome. About 70% of the candidates attempted the question. The candidates' performance is poor as about 30% scored 50% and above of the allocated marks.

The major shortcomings of the candidates are their inability to identify the barriers and this affects their response in (b) part of the question. They need to study the language skills, make use of ICAN study text, past question papers and solutions for good performance in subsequent examinations.

SOLUTION 2

- a. Business reports are very important, no matter the type or size of a business or enterprise. There is a large amount of information that the management needs to know to be able to take certain decisions. The information may be facts, figures or a detailed analysis of any situation. Major decisions like investments and expansions are based entirely on business reports. Thus, business reports form a very important part of every business. Business reports are actual documents that provide information by summarising and analysing situations, issues, and facts and then making recommendations to the groups or persons asking for the reports.

- b.
- i. **Information report:** This type of report is given when objective information is required. It presents non-biased facts without explaining the reasons and the possible outcomes of a situation. It is the ideal business report for learning things such as the number of employees, the role each of them plays in the organisation or the departments the employees work in.
 - ii. **Analytical report:** This type of business report is usually required when an organisation decides to make an important decision. It analyses the organisation's situation, presenting relevant information, explanations and conclusions. It helps the organisation to make decisions that will move it forward.
 - iii **Research report:** This is the most comprehensive type of business report required when an organisation considers trying something new. A team of specialists or researchers is given the task and asked to find all the relevant statistics by making a feasibility study, followed by a detailed analysis of the data collected and arriving at a conclusion. The decision of the organisation is largely informed by a research report.
 - iv. **Explanatory report:** This type of report is required by an organisation to explain a topic or situation to everyone. The report may be given in tables, graphs, charts, etc. to explain the research conducted. The report includes reasons for the research, sample sizes, methodology, etc. After explaining the results, the findings are briefly summarised.
 - v. **Progress report:** This report shows how things are going at the moment. A progress report is not based on analysis or tons of research. Instead, it is an update for the person who needs it. An example of this could be a weekly report stating the progress made throughout the week on a particular situation in order to know the tasks to work on in the upcoming week.
 - vi. **Fact-Finding Report:** Organisations such as industrial ones require fact-finding investigations, especially when there are break down of machinery in the factory premises or rivalry between associates and the manager. Such situations require in-depth reasoning for the situation that has arisen. In those cases, the fact-finding report comes in handy and presents facts from a third person's viewpoint. These reports are presented to the top management, which would take appropriate action on the situation at hand.

- vii. **Performance report:** This type of report is done on a regular basis to assess and review the performances of each department. A performance report is written on newly opened branch, newly appointed employee or even the performance of existing employees who are due for promotion. All these cases are analyzed by the management for which the performance report is generated. This report is important for the management to arrive at a decision and hence, it is prepared by the superior officers of the respective groups.
- ix. **Standing Committee Report:** A committee which is appointed permanently for a specific reason is called standing. The reason for appointing this committee may be for financial assessment, employee assessment, or departmental assessment. The standing committee should submit a detailed report on the given assignment. In many organisations, the reports of standing committees are submitted at frequent intervals.
- x. **Ad-hoc Committee Report:** An Ad-hoc committee report is also known as a special committee report. As the name suggests, a special committee is appointed to deal with a specific assignment, such as the investigation of the cause of a fire outbreak in the factory, a conflict between two employees, a case of missing laptops in the ICT department, etc. The committee is dissolved as soon as its report is submitted.
- xi. **Annual Report:** This is a yearly report that gives a report on all that was achieved in the reporting year. The report is submitted to the corporate heads for studying the business year in detail. Majority of decisions on investments, product portfolio changes, marketing strategies, marketing campaigns etc. are planned on the basis of the annual report. Pre-decided plans may be modified or changed, based on annual reports.

Examiner's comment

The question is to test candidates' knowledge of types of reports with specific reference to business reports. About 25% of the candidates attempted the question. The performance of the candidates is poor as about 20% scored 50% and above of the allotted marks. Candidates seem not to understand the demand of the question, hence the poor performance. They should endeavour to study report writing in the ICAN study text and make use of past question papers and solutions for better performance in the future.

SOLUTION 3

Strategies to adopt at improving sales:

- a. Discovering, locating and measuring the functional and symbolic needs, attitudes and desires of prospective consumers.
- b. Interpreting the necessary information for management to ensure that products and services are improved upon or new ones are developed. This should be done on a regular basis.
- c. Devising and implementing a system which will make the products and services available. The production unit should be empowered to increase their production.
- d. Using advertising as a back-up, informing established and prospective customers about the product's need-satisfying abilities and converting the desire to actual purchase decision.
- e. The organisation must ensure that the products are right and put at the right place. The products must have the right promotion with the right price to ensure effective demand when requested for.
- f. The products should be designed to always meet the needs of the consumers for example, if a product is better rebranded, it would definitely attract the consumers' attention and interest. Such consumers may want to see the difference between the earlier product and the present in terms of quality, adequacy and durability.
- g. Doing product certification: The products must undergo certification to give our customers the confidence that our products are of high quality.
- h. Determining a brand name, designing a package and setting a price: It will be very good to have the products branded at this point in time. This will, no doubt, raise their quality.
- i. Conducting a research on the product: It will not be out of place to have a team to conduct a research on all the products. This will help in determining if the organisation has to do a review of the products.
- j. Improving on the distribution system: There is a need to improve on the distribution system in place by monitoring how products may be more effectively distributed.

- k. Designing a promotional programme: It is time the company had a sales promotion in place. The opportunities provided through the promotion will go a long way in improving the sales after the promotion.
- l. Building a relationship with customers: It is always good to have a positive customer relationship. This promotes sales since customers will feel free to air their opinions whenever there are issues.

Examiner's comment

This question is to test candidates' knowledge of marketing strategies. They are expected to explain ten strategies that can improve sales in an organisation. About 15% of the candidates attempted the question. Their performance is poor just as about 10% of them scored 50% and above of the allocated marks. Candidates who attempted this question seem not to understand the demand of the question. For better performance in future examinations, candidates must study this topic in the chapter dealing with "Emerging issues in Communication Skills" in the syllabus. They should also make use of ICAN study text, past question papers and solutions.

SOLUTION 4

i. **Impromptu speech**

Impromptu speaking is the presentation of a short message without advance preparation. The speaker must speak offhand; however, he must organise his thoughts before speaking, if he does not want to speak out of point. He should deliver his message briefly and thank the person who invited him. Examples of impromptu speaking are self-introduction, vote of thanks, giving a toast, etc. An impromptu speech is generally most successful when it is brief and focused on a single point. The advantage of this kind of speaking is that it is spontaneous. The disadvantage is that the speaker is given little or no time to contemplate the theme of his or her message. As a result, the message may be disorganised and be difficult for listeners to follow. It is always better for the speaker to take a few moments to reflect on what to say.

ii. **Extemporaneous speech**

Extemporaneous speaking is the presentation of a carefully planned and rehearsed speech, spoken in a conversational manner using brief notes. Using notes helps the speaker establish and maintain eye contact with the audience. It also helps in assessing how well the audience understands the speech as it progresses. This type of speech promotes the likelihood that the speaker will be perceived as knowledgeable and credible. The audience is likely to pay

better attention to the message as it is engaging both verbally and nonverbally. The disadvantage is that it requires a great deal of preparation for both the verbal and the nonverbal components of the speech.

iii. **Speaking from Manuscript**

This type of method has to do with reading from an already prepared manuscript of a message. In this type of speech, the speaker maintains his or her attention on the printed page except when using visual aids. He reads verbatim from the paper. This type can only be used successfully if the speaker is an accomplished public speaker who can use his vocal resources very well. It can also be effective if the speech is written in a style that sounds conversational. The presentation may be dull unless the speaker has rehearsed the reading very well with vocal expression and gestures. This method does not allow much eye contact with the audience. To make meaning out of this type of delivery, the audience must be already interested in the message before the delivery begins. The only advantage of this method is the exact repetition of original words.

iv. **Speaking from Memory**

Memorised speech is the recitation of a written message that the speaker has committed to memory. This method is useful when the message needs to be exact and the speaker does not want to be confined by notes. Memorisation enables the speaker to maintain eye contact with the audience throughout the speech because he is not reading his script. He is able to move freely around and make gestures. The speaker is free to use visual aids very well. However, the presentation may be flat and uninteresting, unless the speaker memorises every vocal, gesture, and facial expression. The speaker might end up speaking in a monotone or a sing-song repetitive delivery pattern.

Examiner's comment

This question is to test candidates' knowledge of speech delivery methods. They are expected to explain each of the speech delivery methods listed. About 80% of the candidates answered the question. The performance is average as about 50% scored 50% and above of the allocated marks. Most candidates are able to give the correct definition of these methods but they fall short of the explanation of each of them. Candidates are advised to familiarise themselves with the section in speech making in the syllabus, make use of ICAN study text and other relevant books on this topic, past question papers and solutions if they wish to do better in future examinations.