

THE ASSOCIATION OF ACCOUNTANCY BODIES IN WEST AFRICA**ACCOUNTING TECHNICIANS SCHEME, WEST AFRICA
MARCH 2021 EXAMINATIONS (PART 1)****BASIC ACCOUNTING PROCESSES AND SYSTEMS**

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 box to ensure that you do not have any cell phone or written material with you in the hall, otherwise, you will be stopped from continuing with the examination.
5. Do not enter the hall with anything written on your docket.
6. Insert your examination number in the space provided above.

TUESDAY, 30 MARCH, 2021

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 – MARCH 2021

BASIC ACCOUNTING PROCESSES & SYSTEMS

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. When cash taken from the till is banked, the transaction is recorded as a
 - A. Bank entry
 - B. Till entry
 - C. Cash entry
 - D. Debit entry
 - E. Contra entry

2. The processes involved in book-keeping are as follows, **EXCEPT**
 - A. Classification of business transactions using source documents
 - B. Recording of transactions in appropriate subsidiary books
 - C. Extraction of the Trial Balance
 - D. Extracting future cash flow
 - E. Posting of entries from subsidiary books to the ledger

3. The following are non-current assets, **EXCEPT**
 - A. Land
 - B. Goodwill
 - C. Building
 - D. Receivable
 - E. Machinery

4. Which of the following is **NOT** a characteristic of business?
 - A. It is a social service to the public
 - B. It exists to make profits
 - C. It supplies goods that it either makes or buys from other parties
 - D. Its reward for accepting risk is profit
 - E. The profit earned by it belongs to its owners

5. Which of the following is **NOT** a content of the partnership agreement that can affect partnership account?
- A. Capital contribution
 - B. Division of profits or losses
 - C. Interest on capital
 - D. Partners' drawings
 - E. Partners' domestic expenses
6. Which of the following is **NOT** a key characteristic of Public Sector Entities?
- A. There is no equity ownership
 - B. The entities' right, powers and responsibility are derived from the law setting them up
 - C. They have multiple objectives
 - D. Public accountability by the operators is very important
 - E. It involves profit-sharing
7. Which of the following is **NOT** one of the elements of financial statements recognised by the IASB's conceptual framework?
- A. Receipt and Payment Account
 - B. Asset
 - C. Liabilities
 - D. Equity
 - E. Income and Expenditure
8. Which of the following is **NOT** recognised as Generally Accepted Accounting Principles?
- A. Concepts
 - B. Principles
 - C. Conventions
 - D. Laws, rules and regulations
 - E. Theories
9. The meaning of entity concept to a partnership business is that the
- A. Partners can issue ordinary shares
 - B. Liability of all the partners are limited
 - C. Partner's drawing reduces capital contribution
 - D. Current Account is not necessary for the partners
 - E. Partners cannot own private assets

10. Which of the following is **NOT** a main source document that is used for recording in the books of original entry?
- Quotations
 - Pro-forma invoices
 - Credit notes
 - Sales Ledger
 - Payment Vouchers
11. Which of the following is **TRUE** of the General Journal?
- It has a brief explanation or narration of the transaction
 - It has only Debit column
 - It uses only Credit column
 - It does not have debit and credit column
 - It is used to record only sales and purchases transactions

Use the following information to answer questions 12 and 13

The following transactions took place in the books of Adegboyega Enterprises in January, 2020

- January 5, 2020 Cash sales of ₦500,000
- January 10, 2020 Purchased ₦300,000 goods in cash

12. The correct double entry for item (i) is?

	DR	CR
A.	Sales Account	Cash Account
B.	Cash Account	Sales Account
C.	Cash Account	Bank Account
D.	Bank Account	Cash Account
E.	Sales on credit	Cash Account

13. The correct double entry for item (ii) is

	DR	CR
A.	Bank Account	Goods account
B.	Goods returns inwards	Cash Account
C.	Cash Account	Purchases Account
D.	Purchases Account	Cash Account
E.	Cash Account	Purchases on credit

14. **ONE** of the main uses of Trial Balance is to?

- Post items from sales day book into the sales ledger
- Check postings from purchases day book into the purchases ledger
- Facilitate preparation of the final accounts
- Correct errors of postings
- Standardise accounting records

15. Temitope Enterprises provision or allowance for depreciation in 2019 accounting year is ₦50,000. Which of the following is the correct double entry for this transaction?

	DR	CR
A.	Depreciation expense account	Allowance for depreciation
B.	Allowance for depreciation	Depreciation expense account
C.	Non-current asset	Depreciation expense account
D.	Depreciation expense account	Statement of profit or loss account
E.	Depreciation expense account	Cash book

16. Which of the following is **NOT** a revenue expenditure?
- Cost incurred in acquiring trading inventories for sale
 - Discount allowed on Credit sales
 - Cost of Repairing Plant and Equipment
 - Staff Salaries and emoluments
 - Purchase of new equipment for use as non-current asset
17. Which of the following is **NOT** a debit entry in Trade Receivables Ledger Control Accounts?
- Dishonoured bills and cheques from customers
 - Cash paid to customers from the cash book
 - Debit notes issued
 - Discount allowed as recorded in the Cash book
 - Credit Sales from sales day book
18. Which of the following is **NOT** added to Basic Salary to arrive at the Gross pay?
- Responsibility allowance
 - Transport allowance
 - Tax due
 - Overtime allowance
 - Medical allowance

Use the following information to answer questions 19 and 20

The following information was provided by Camara enterprises:

Standard Time or Allowed Time	=	250 hours
Wages rate per hour	=	₦15
Actual time taken	=	220 hours

The enterprise uses Hasley Premium Plan.

19. The Bonus amount is
- A. Le 210
 - B. Le 220
 - C. Le 225
 - D. Le 235
 - E. Le 240
20. Total earnings is
- A. Le 3,425
 - B. Le 3,455
 - C. Le 3,515
 - D. Le 3,525
 - E. Le 3,555
21. Which of the following is **NOT** an advantage of Time Based system of remuneration?
- A. It facilitates cost control
 - B. It provides incentive for longer period of work
 - C. Wages negotiations (changes) can be easily affected
 - D. It has stood the test of time
 - E. It does not encourage innovation
22. Which of the following is **NOT** an objective of control over cash?
- A. Temptation to embezzle idle cash by staff is avoided
 - B. It enable the business to have more idle cash in the office at all times
 - C. It prevents losses of cash through fraud or theft
 - D. There will be accurate accounting for cash transactions
 - E. Management will maintain adequate amount of cash at all times

Use the following to answer questions 23 and 24

Gamil Nkuruma Ventures has the following transactions in the month of January, 2020

- (i) Discount allowed on Sales to customers amount to GMD20,000.
- (ii) Discount received on Purchases from Supplies is GMD30,000.

23. The accounting treatment of item (i) in the books of Gamil Nkuruma Ventures is

- | DR | CR |
|-----------------------------|--------------------------|
| A. Cash book | Discount allowed account |
| B. Discount allowed account | Cash book |
| C. Income statement | Discount allowed account |
| D. Discount allowed account | Income statement |
| E. Cash book | Income statement |

24. The accounting treatment of item (ii) in the books of Gamil Nkuruma Ventures is

	DR	CR
A.	Income statement	Discount received account
B.	Discount received account	Income statement
C.	Cash book	Discount received account
D.	Discount received account	Cash book
E.	Cash book	Income statement

25. Which of the following is **NOT** a component of the published financial statements?

- A Statement of Profit or loss and other comprehensive income
- B. Cash book and subsidiary ledgers
- C. Statement of financial position
- D. Statement of changes in equity
- E Statement of cash flows

Use the following information to answer questions 26 and 27

Weah Enterprises presented the following information from its financial records for the year ended 31 December, 2019

	L\$
Sales	56,000
Purchases	40,000
Carriage outwards	1,600
Returns inwards	900
Carriage inwards	1,300
Returns Outward	1,490

26. The Cost of Sales is

- A. L\$ 38,700
- B. L\$ 39,810
- C. L\$ 40,190
- D. L\$ 41,300
- E. L\$ 41,400

27. The Gross Profit is

- A. L\$ 15,290
- B. L\$ 15,300
- C. L\$ 16,190
- D. L\$ 17,280
- E. L\$ 18,111

28. Which of the following is **NOT** a feature of spread sheet package?
- A. Row
 - B. Column
 - C. Cell
 - D. Title Bar
 - E. Sequential Formula
29. Which of the following is **NOT** an Accounting package?
- A. Sage
 - B. Quick Books
 - C. Microsoft Excel
 - D. Tally
 - E. Oracle
30. The International Accounting Standard (IAS) on Property, Plant and Equipment (PPE) is
- A. 1
 - B. 2
 - C. 5
 - D. 8
 - E. 16

SECTION A: PART II

SHORT-ANSWER QUESTIONS

(20 Marks)

ATTEMPT ALL QUESTIONS

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

1. Characteristics of useful financial information that has to do with relevance and faithful representation is known as.....
2. The full meaning of IFRIC is..... and IASB is.....
3. The relationship that exists between two or more persons carrying on business with a view to making profit is called.....
4. The two main documents that are fundamental to the creation of a limited liability company are and
5. IASB's conceptual framework prescribes that the financial statements required of entities are..... financial statements.
6. The concept which assumed that a business entity will continue in operation for the foreseeable future is regarded as
7. The source document used to record in the sales day book is
8. The books in which transactions are first recorded before being posted to the ledger is called
9. Ibukunoluwa introduced a capital of ₦200,000 (using cheque) to start a Face Mask business on February 2, 2020. The double entry for this transaction is and
10. An error within the same class of account but affecting different persons or items is known as an error of
11. The cost of acquiring a non-current asset for use in an entity is known as
12. Which side of the Trade Payables Ledger Control Account can we post Discount received and Purchases?
13. Cheques deposited in the business bank account and not yet recorded in the bank statement as at the time of preparing Bank Reconciliation statement is called
14. The formula for calculating bonus in Rowan plan scheme is

15. The term given to an allowance in form of a percentage reduction in the full invoice price made to a customer is
16. A written authorisation used in approving a transaction for payment is called
17. An amount allowed to a customer so that he can pay promptly is called
18. Application software that record and process accounting transactions within functional modules are known as.....

Use the following information to answer questions 19 and 20

The following transactions/information were extracted from the financial statements of the Kofi Enterprises:

	GHC
Insurance premium	30,000
Building	800,000
Equipment	200,000
Motor Vehicle maintenance	100,000
Discount received	20,000
Discount Allowed	15,000
Bank Loan	500,000
Trade Creditors	50,000

19. The items that will be posted into Income Statement are:
 - i
 - ii
 - iii
 - iv
20. The items that will be posted into Statement of Financial Position are:
 - i
 - ii
 - iii
 - iv

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

QUESTION 1

- a. Nyumah is a sole trader involved in sewing and selling COVID 19 face mask. Nyumah introduced the capital of L\$200,000 into the business on the March 2, 2020 in form of cash. He bought a laptop computer worth L\$50,000 on March 4, 2020 for the office but gave the laptop to her daughter to use for her University Degree programme.

Required

You are required to show the double entries as the Accounting technician.
(4 Marks)

- b. The following were extracted from the books of Cheapoo Enterprise, that is into electronic business in Moronvia for the month of November, 2019:

	L\$'000
Sales Ledger balance – 1 November, 2019	9,404
Purchases ledger balances – 1 November, 2019	5,514
Sales journal balances – 30 November, 2019	74,874
Purchases journal balances – 30 November, 2019	81,600
Returns inwards	1,820
Returns outwards	1,498
Receipts from Customers – Cash	77,058
Discount allowed	2,690
Payment to Suppliers	70,830
Discount received	1,492
Irrecoverable debts written off	230
Sales ledger set off	418
Purchases ledger set off	220

On 30 November, 2019, it was discovered that a supplier was paid twice in error. The amount was refunded on that date.

Required

Prepare the Sales and Purchases ledger balances as at 1 December, 2020.

(8½ Marks)

(Total 12½ Marks)

QUESTION 2

- a. What is Double entry principle?
- b. i. Explain **FIVE** main importance of the Ledger Accounts.
ii. State and explain **FOUR** groups of ledger.

QUESTION 3

- (a) Explain the term “liabilities”. (2½ Marks)
- b. Akwasi is a graduate of Accounting that has struggled to find a paid employment but couldn't. In December, 2019, he heard about COVID-19 and took interest in producing hand sanitizer and face mask. He sold the ideas to a business magnate that funded the project on January 1, 2020, he started the business, as Akwasi Ventures, with the production of hand sanitizer and face mask. The product has a trade name of AKWA19 for a world wide market. He was successful in the first three months ending 31 March, 2020 but didn't know to what extent? For him to know the extent of the success and profit, he presented the following Trial balance as at 31 March, 2020

	GHC'000	GHC'000
Sales		5,600
Purchases	4,000	
Carriage outwards	160	
Electricity	80	
Salaries & Wages	620	
Insurance	30	
Buildings	10,000	
Fixtures	400	
Receivables	700	
Returns inwards	90	
Payables		410
Bank	650	
Drawings	480	
Carriage inwards	130	
Motor Vehicles	1,600	
Capital		12,881
Returns outwards		149
Rent of Office equipment	100	-
	<u>19,040</u>	<u>19,040</u>

Required

Prepare Statement of Profit or Loss for the period ended 30 April, 2020, and a Statement of Financial position as at 30 April, 2020.

QUESTION 4

- (a) In accordance with International Accounting Standard No.1 on Preparation of Financial Statements, state **FIVE** main components of financial statements.

(b) Sandolo Blah, a Liberian entrepreneur, presented the following information extracted from the financial records of his business

- (i) Goods sold for GMD141,000 and profit on sale is GMD27,000.
- (ii) Inventory bought for GMD150,000 and sold for GMD240,000.
- (iii) Inventory bought for GMD90,000 with loss on sale of GMD18,000.

You are required to use accounting equations to calculate

- (i) Expenses for (i) above
- (ii) Profit for (ii) above
- (iii) Revenue for (iii) above

(c) Cheapoo Conteh Enterprise is a local manufacturer of dress wear to be included in Personal Protective Equipment (PPE). The following balances are extracted from the financial records of the organisation for the year ended 31 December, 2019.

	GMD'000
Raw materials inventories as at 1 January, 2019	40,000
Work-in-progress as at 1 January, 2019	29,000
Purchase of raw materials	120,000
Manufacturing wages	80,000
Returns outwards	17,500
Carriage inwards	22,000
Office salaries	33,500
Factory Machine Depreciation	28,000
Factory Insurance premium	14,000
Factory expenses	33,000
Royalties paid	36,000
Raw material inventories as at 31 December, 2019	24,000
Work-in-progress as at 31 December, 2019	25,000

You are required to

Prepare the Manufacturing Account for the year ended 31 December, 2019 in order to ascertain the Production cost that will be transferred to the Statement of Profit or Loss.

(7 Marks)

(Total 12½ Marks)

QUESTION 5

- a. What is Microsoft Excel? Explain **FIVE** of the main features of Microsoft Excel Spread sheet. (6 Marks)
- b. Explain the term "Data Entry" for Accounting transactions (with specific examples). (5 Marks)

- c. List **THREE** data used for input into non-current assets subsystem under accounting packages. (1½ Marks)
(Total 12½ Marks)

QUESTION 6

Adegboyega Kofoshi is a graduate with a Degree in Electrical and Electronic Engineering. During his Youth Service, he had a savings of ₦990,000 from his service year allowance, from his parents and the company where he served. After the Youth service, he started a retail business, Adegboyega Kofoshi Enterprises, selling household electrical equipment. He transferred his car worth ₦1,440,000 for the use of the business. The car was a gift from his parents. He borrowed ₦198,000 from his friend. All these were used for the business. During the month of December, 2019, he had the following transactions:

		₦
December 3	Purchased electrical equipment from Chukwu Ltd on credit	540,000
Dec 3	The equipment carriage expenses to warehouse by cash	49,368
" 6	Sold goods on credit to Johnson & Co	570,000
" 8	Sold good for cash	78,840
" 11	Paid general expenses by cash	48,834
" 15	Purchased electrical items on credit from Chukwu Ltd	180,000
" 17	Adelaide Ventures repair the motor car on credit	32,556
" 20	Paid cash to Chukwu on account	502,500
" 22	Johnson & Co paid cash	375,000
" 25	Paid cash for salaries and wages	233,874
" 25	Paid cash for Rent & Rates	18,000
" 27	Sold electrical wire to Ajibandele on credit	204,000

You are required to

- a. Post the transactions into the ledgers.
 b. Extract a Trial Balance as at 31 December, 2019.

(Total 12½ Marks)

SECTION A: PART 1**MULTIPLE-CHOICE SOLUTION**

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

Working Notes on MCQ

19. Bonus = 50% (250hrs – 220hrs = 30hrs) x Le 15
= 50% x 30hrs x Le 15
= Le 225

20. Total Earnings = Le 15 x 220hrs + bonus (w19)
= Le 3300 + Le 225
= Le 3525

26.

	L\$
Purchases	40,000
Carriage Inwards	1,300
Returns outwards	<u>(1,490)</u>
Cost of sales	<u>L\$39,810</u>

27.

	L\$
Sales	56,000
Returns Inwards	<u>(900)</u>
	55,100
Less costs of sales (w26)	<u>(39,810)</u>
Gross profit	<u>L\$15,290</u>

EXAMINER'S COMMENTS

The questions set under this section of the paper cover the syllabus. All the candidates' attempted the questions and their performance was above average. Candidates' major pitfall was their poor preparation for the examination. Candidates are advise to prepare adequately for the institute future examination

SECTION A: PART II SHORT-ANSWER QUESTIONS (SAQ) SOLUTION

1. Qualitative Characteristics
2. IFRIC – International Financial Reporting Interpretation Committee
IASB – International Accounting Standard Board
3. Partnership business
4. Memorandum of Association/Articles of Association
5. General purpose
6. Going concern
7. Sales Invoice/Bill
8. Subsidiary books/Books of prime entry/Books of original entry
9. Dr Bank and CR Capital
10. Commission
11. Capital Expenditure
12. Discount Received – Debit side
Purchase – Credit side
13. Uncredited cheques/lodgements
14. Bonus $\frac{\text{₹₹ ₹ ₹₹₹₹}}{\text{₹₹ ₹ ₹₹₹₹₹₹}} \times \text{Time Taken} \times \text{Time Rate}$
15. Trade Discount
16. Approved payment voucher
17. Cash Discount
18. Accounting Softwares/Packages
19.

Insurance Premium	GHC 30,000
Motor vehicle maintenance	GHC 100,000
Discount received	GHC 20,000
Discount Allowed	GHC 15,000
20.

Building	GHC 800,000
Equipment	GHC 200,000
Bank loan	GHC 500,000
Trade creditors/payables	GHC 50,000

EXAMINER'S COMMENTS

The questions set under this section of the paper cover the syllabus. All the candidates' attempted the questions and their performance was above average. Candidates' major pitfall was their poor preparation for the examination. Candidates are advised to prepare adequately for the institute future examination

SECTION B:**SOLUTION 1****1a. IN THE BOOKS OF NYUMAH****DOUBLE ENTRIES /JOURNAL ENTRIES**

	DR L\$	CR L\$
Cash book/Bank Capital	200,000	200,000
Office Equipment Cash book	50,000	50,000
Drawings Office Equipments	50,000	50,000

OR Through Ledger Approach

Cash Book / Bank A/C

	L\$		L\$
Capital	200,000	Equipment	50,000
		Bal c/f	<u>150,000</u>
Bal b/f	<u>150,000</u>		<u>L\$200,000</u>

Capital A/C

	L\$
Cash book	200,000

Office Equipment

			L\$
Cash Book	<u>50,000</u>	Drawings	<u>50,000</u>
		Drawings A/C	
			L\$
Office Equipments	50,000		

1(b) CHEAPOO ENTERPRISES

SALES LEDGER CONTROL ACCOUNT

2019	L\$'000	2019		L\$'000
1 Nov Bal b/f	9,404	30 Nov	Cash	77,058
30 Sales	74,874	30	Returns inwards	1,820
30 Set off	220	30	Discount Allowed	2,690
		30	Bad debt written off	230
		30	Set off	418
		30	Balance c/d	<u>2,282</u>
	<u>84,498</u>			
1 Dec Balance b/d	2,282			<u>84,498</u>

PURCHASES LEDGER CONTROL ACCOUNT

2019	L\$'000	2019		L\$'000
30 Nov Returns outwards	1,498	1 Nov	Bal b/f	5,514
30 Cash	70,830	30	Purchases	81,600
30 Discount received	1,492	30	Cash refund	314
30 Set Off	418	30	Set off	<u>220</u>
30 Balance c/d	<u>13,410</u>			
	<u>87,648</u>			
		30	Balance b/d	13,410

EXAMINER'S COMMENTS

The question tests the simple rule of double entries, while the (b) part of the question tests the preparation of sales and purchases ledgers. About 80% of the candidates attempted the question and their performance was average. Candidates' pitfall was their poor understanding of the questions' requirements. Candidates are advised to prepare well for the Institute' future examination.

SOLUTION 2

2a Double entry principle states that for every debit entry, there must be a corresponding credit entry and vice-versa. If the principle is properly followed, the total of the debit entries in the accounts must be equal to the total of the credit entries.

There are three pairs of concepts that aid the understanding of the double entry principles and they are:

1. Debit incoming items and Credit Outgoing items
2. Debit the Receiver and Credit the Giver.
3. Debit Expenses/Losses and Credit Profit/gains

In general, the above principles are the underlying basis for debiting assets and expenses as well as crediting liabilities and revenue.

2b. (I) FIVE (5) Importance of ledgers

- (i) They serve as the means of keeping permanent records of assets, liabilities, income, expenses and Owner's equity.
- (ii) They provide relevant information that is required to prepare the statement of profit or loss and the statement of financial position.
- (iii) They give the origin of every transaction and the parties involved.
- (iv) They show the details of movement in each account. For instance, a bank account will show what amount had been deposited or how much had been withdrawn and for what purpose.
- (v) The Trial Balance is extracted from the ledger accounts at the end of the accounting period.

2b. (ii) FIVE (5) Groups of Ledgers

- (i) **Sales Ledger or Trade Receivable Ledger:** This contains all the personal accounts of customers otherwise referred to as trade receivables.
- (ii) **Purchases Ledger or Payables Ledger:** It contains the personal accounts of suppliers of goods and services, otherwise referred to as trade payables.
- (iii) **Private/Cash Ledger:** Private ledger contain details of capital accounts, drawings account, loan account and investment account. Usually only the senior managers have access to these accounts in order to prevent details of the items contained therein from being publicized. The Cash ledger contains all cash transactions.
- (iv) **General Ledger:** This is also referred to as the nominal ledger. It contains the remaining accounts such as:
 - Nominal accounts: relating to expenses, wages, rent, sales, purchases, bad debt accounts; and
 - Real accounts: relating to assets such as land and buildings, motor vehicles, inventories, plant and machinery.

EXAMINER'S COMMENTS

The question tests candidates knowledge of simple definition of Double entry principle and (b) part tests the importance of the ledger Accounts and the grouping of the ledgers.

About 70% of the candidates attempted the question and their performance was poor. Candidates' major pitfall was poor understanding of the questions' requirements.

Candidates are advised to prepare well for future examinations.

SOLUTION 3

(a) Liabilities

Liability can be defined as present obligations of an entity arising from past events and the settlement of which is expected to result in an outflow of resources that embody economic benefits.

A liability is an obligation that already exists. An obligation may arise also from normal business dealings usually from past transactions or events. Trade payables for example, arise out of past purchase transactions so also an obligation to pay a bank loan must have arisen out of past borrowings. There are two major categories of liabilities which are: current liabilities and non-current liabilities.

Current Liabilities: These are amounts owed currently by business to be paid within twelve (12) months. Such as trade payable, Bank overdraft etc.

Non-current liabilities: these are current obligation that will take more than one year before repayments is due, such as long term loans etc.

AKWASI VENTURE

(b) Statement of Profit or Loss for the year ended 31 March, 2020

	GHc'000	GHc'000
Sales		5,600
Returns inwards		<u>(90)</u>
Net Sales		5,510
Less Cost of Sales:		
Purchases	4,000	
Carriage inwards	<u>130</u>	
	4,130	
Returns outwards	<u>(149)</u>	<u>(3,981)</u>
Gross Profit		1,529
Expenses		
Carriage outwards	160	
Electricity	80	
Salaries and Wages	620	
Insurance premium	30	
Rent of Office equipment	<u>100</u>	<u>(990)</u>
Profit for the year		<u>539</u>

Statement of Financial Position as at 31 March, 2020

	GHc'000	GHc'000
Assets		
Non Current Assets		
Buildings	10,000	
Fixtures	400	
Motor Vehicles	<u>1,600</u>	12,000
Current Assets		
Receivables	700	
Bank	<u>650</u>	<u>1,350</u>
Total Asset		<u>13,350</u>
Equity and Liabilities		
Capital		12,881
Net Profit		539
Drawings		<u>(480)</u>
		12,940
Current Liabilities		
Payables		<u>410</u>
Total Assets and Liabilities		<u>13,350</u>

EXAMINER'S COMMENTS

The questions tests candidates' knowledge of the meaning of the term liabilities in part (a) of the question, while it tests candidates' ability to prepare statements of profit or loss and the statement of financial position.

About 80% of the candidates attempted the question and their performance was above average. Candidates' major pitfalls were poor understanding of liabilities and poor presentation of the two statements.

Candidates are advised to practice past questions of the Institute examination well before sitting for the examination.

SOLUTION 4

(a) The Five (5) main Components of Financial Statements in accordance with IAS 1

- (i) Statement of Financial Position as at the end of the period
- (ii) Statement of Profit or Loss and other comprehensive income for the period;
- (iii) A Statement of changes in equity for the period.
- (iv) A Statement of Cash flows for the period
- (v) Notes, comprising a summary of significant accounting policies and other explanatory information and;
- (vi) A statement of financial position as at the beginning of the earliest comparative period when an entity applies an accounting policy retrospectively or make a retrospective restatement of items in its financial statement.

(b) Accounting equation

$$P = \text{Profit}; \quad R = \text{Revenue}; \quad E = \text{Expenses}$$

(i) Calculation of Expenses (E)

$$\begin{aligned} E &= R - P \\ &= \text{Le } 141,000 - \text{Le } 27,000 \\ &= \underline{\text{Le } 114,000} \end{aligned}$$

(ii) Calculation of Profit (P)

$$\begin{aligned} P &= R - E \\ &= \text{Le } 240,000 - \text{Le } 150,000 \\ &= \underline{\text{Le } 90,000} \end{aligned}$$

(iii) Calculation of Revenue (R)

$$\begin{aligned} R &= P + E \\ &= (\text{Le } 18,000) + \text{Le } 90,000 \\ &= \underline{\text{Le } 72,000} \end{aligned}$$

(c) **Cheapoo Conteh Enterprise**

Manufacturing Account for the year ended 31 December, 2019

	GMD (000)	GMD (000)
Opening inventory: Raw materials		40,000
Purchases – materials	120,000	
Carriage inwards	<u>22,000</u>	
	142,000	
Returns outwards materials	(17,500)	
		<u>124,500</u>
Cost of materials available		164,500
Manufacturing wages		80,000
Royalties		36,000
Prime cost		<u>256,500</u>
Factory Overheads:		
Depreciation – Machine	28,000	
Factory Insurance	14,000	
Factory expenses	<u>33,000</u>	75,000
Changes in WIP		
Opening inventory (WIP)	29,000	
Closing inventory (WIP)	<u>(25,000)</u>	
		4,000
Cost of production		<u>GMD 335,500</u>

EXAMINER'S COMMENTS

Part (a) of the question tests candidates' ability to state the components of financial statements, while part (b) of the question tests simple balance sheet equation to derive profits or loss statement components. Part (c) of the question also tests the candidates' ability to prepare simple manufacturing accounts.

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

Candidates' pitfalls were their poor understanding of the question's requirements. They are advised to prepare well for the future institute's examination

SOLUTION 5

- (a) Microsoft 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 type, project evaluation and mathematics of finance.

The main features of Microsoft Excel includes:

- (i) Rows: These are referenced by numbers starting from 1. Initially, there are 65,536 rows. For Microsoft 2010, row ranges from 1 to 1,048,576.
 - (ii) Columns: They are referenced by alphabets starting from A. Initially there are 256 columns. For Microsoft 2010, column is now from A to XFD and total of 16384 columns.
 - (iii) Cell: A cell is the intersection of row and column. The number depend on the Microsoft Excel version in use.
 - (iv) Worksheet: This contains cells which are made of rows and columns as shown above depending on the version of Microsoft Excel in use. It has the chance of opening pages which are known as sheet1, sheet 2, sheet 3.....
 - (v) Workbook: The workbook consists of worksheets. It is also called excel file. The file contains a set of pages called work sheets.
 - (vi) Title Bar: This refers to the name of current workbook.
 - (vii) Menu Bar: This consist of varieties of menu such as file, edit, view, save etc
- (b) Data Entry for Accounting transactions (with specific examples)

A computerized accounting system permits the entity to enter data electronically in variety of ways, which make processing of transactions more convenient. Data entry is a process whereby data that are collected from various sources are entered into the computer system through input devices like the key board. There are various forms of electronic source documents that can be used to process data. These include:

- (i) Electronic receipt issued to customers to post into electronic cash book.
- (ii) Electronic invoices issued to customers who bought an entity's goods on credit used to post into the Sales Day Book.
- (iii) Electronic invoices received from suppliers that supplied goods on credit used to post into the Purchases Day Book.

- (iv) Electronic invoices and receipts received from suppliers for posting into return outwards and suppliers account; and
 - (v) Electronic credit advise (note) used to post into return inwards and customers' accounts.
- (c) THREE (3) types of data used for input into non-current assets subsystem under accounting packages are;
- (i) Capitalization policy
 - (ii) Depreciation policy
 - (iii) Purchase invoices
 - (iv) Cash payments
 - (v) Adjustment Journal

EXAMINER'S COMMENTS

The question tests candidates' knowledge of simple concepts of computer. Part (a) of the question tests candidates' knowledge on Microsoft Excel and its features, part (b) tests on the meaning of Data and its specific examples, while the (c) part tests the application of data for accounting process and systems.

About 30% of the candidates attempted the question and their performance was poor. Candidates' major pitfall was their poor knowledge in computer.

Candidates are advised to pay attention to all parts of the syllabus when preparing for the Institute future examination.

SOLUTION 6

a)

ADEGBOYEGA KOFOSHI ENTERPRISES

Cash a/c					
		N			N
1-Dec-19	Bal b/f	1,188,000	3-Dec-19	Carriage inwards	49,368
8-Dec-19	Sales	78,840	11-Dec-19	General expenses	48,834
22-Dec-19	Trade receivables- Johnson & Co	375,000	20-Dec-19	Trade payables- Chukwu Ltd	502,500
			25-Dec-19	Salaries and wages	233,874
			25-Dec-19	Rent and rates	18,000
			31-Dec-19	Bal c/d	789,264
		<u>1,641,840</u>			<u>1,641,840</u>
1-Jan-20	Bal b/d	789,264			
Capital a/c					
		N			N
31-Dec-19	Bal c/d	<u>2,430,000</u>	1-Dec-19	Bal b/f	<u>2,430,000</u>
			1-Jan-20	Bal b/d	2,430,000

Motor vehicle a/c

		N			N
1-Dec-19	Bal b/f	<u>1,440,000</u>	31-Dec-19	Bal c/d	<u>1,440,000</u>
1-Jan-20	Bal b/d	1,440,000			

Loan a/c

		N			N
31-Dec-19	Bal c/d	<u>198,000</u>	1-Dec-19	Bal b/f	<u>198,000</u>
			1-Jan-20	Bal b/d	198,000

Purchases a/c

		N			N
3-Dec-19	Trade payables- Chukwu Ltd	540,000	31-Dec-19	Bal c/d	<u>720,000</u>
15-Dec-19	Trade payables- Chukwu Ltd	<u>180,000</u>			
		<u>720,000</u>			<u>720,000</u>
1-Jan-20	Bal b/d	720,000			

Trade payables - Chukwu Ltd a/c

		N			N
20-Dec-19	Cash	502,500	3-Dec-19	Purchases	540,000
31-Dec-19	Bal c/d	<u>217,500</u>	15-Dec-19	Purchases	<u>180,000</u>
		<u>720,000</u>			<u>720,000</u>
			1-Jan-20	Bal b/d	217,500

Carriage inwards a/c

		N			N
3-Dec-19	Cash	49,368	31-Dec-19	Bal c/d	49,368
1-Jan-20	Bal b/d	49,368			

Sales a/c

		N			N
31-Dec-19	Bal c/d	852,840	6-Dec-19	Trade receivables- Johnson & Co	570,000
			8-Dec-19	Cash	78,840
			27-Dec-19	Trade receivables- Ajibandele	204,000
		852,840			852,840
			1-Jan-20	Bal b/d	852,840

Trade receivables- Johnson & Co a/c

		N			N
6-Dec-19	Sales	570,000	22-Dec-19	Cash	375,000
			31-Dec-19	Bal c/d	195,000
		570,000			570,000
1-Jan-20	Bal b/d	195,000			

General expenses a/c

11-Dec-19	Cash	N 48,834	31-Dec-19	Bal c/d	N 48,834
1-Jan-20	Bal b/d	48,834			

Motor vehicle repairs a/c

17-Dec-19	Sundry payables- Adelaide Ventures	N 32,556	31-Dec-19	Bal c/d	N 32,556
1-Jan-20	Bal b/d	32,556			

Sundry payables- Adelaide Ventures a/c

31-Dec-19	Bal c/d	N 32,556	17-Dec-19	Motor vehicle repairs	N 32,556
			1-Jan-20	Bal b/d	32,556

Salaries and wages a/c

25-Dec-19	Cash	N 233,874	31-Dec-19	Bal c/d	N 233,874
1-Jan-20	Bal b/d	233,874			

Rent and rates a/c

		N		N
25-Dec-19	Cash	<u>18,000</u>	31-Dec-19	<u>Bal c/d</u>
1-Jan-20	Bal b/d	18,000		<u>18,000</u>

Trade receivables - Ajibandele a/c

		N		N
27-Dec-19	Sales	<u>204,000</u>	31-Dec-19	<u>Bal c/d</u>
1-Jan-20	Bal b/d	204,000		<u>204,000</u>

b)

ADEGBOYEGA KOFOSHI ENTERPRISES
TRIAL BALANCE AS AT DECEMBER 31, 2019

DETAILS	DR N	CR N
Cash	789,264	
Capital		2,430,000
Motor Vehicles	1,440,000	
Loan		198,000
Purchases	720,000	
Trade payables- Chukwu Ltd		217,500
Carriage inwards	49,368	
Sales		852,840
Trade receivables- Johnson & Co	195,000	
General expenses	48,834	
Sundry payables- Adelaide Ventures		32,556
Motor vehicle repairs	32,556	
Salaries and wages	233,874	
Rent and rates	18,000	
Trade receivables- Ajibandele	204,000	
	3,730,896	3,730,896

EXAMINER'S COMMENTS

The question tests candidate's knowledge on book keeping. It tests candidates' ability to post business transactions to their respective ledger Accounts, while a trial balance was also expected to be prepared.

Candidates are advised to practice past questions well before sitting for the Institute future examination.

THE ASSOCIATION OF ACCOUNTANCY BODIES IN WEST AFRICA**ACCOUNTING TECHNICIANS SCHEME, WEST AFRICA
MARCH 2021 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 box to ensure that you do not have any cell phone or written material with you in the hall, otherwise, you will be stopped from continuing with the examination.
5. Do not enter the hall with anything written on your docket.
6. Insert your examination number in the space provided above.

WEDNESDAY, 31 MARCH, 2021

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 – MARCH 2021

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. A set of economic propositions about what is, rather than what ought to be, belongs to
 - A. Economic policy
 - B. Normative economics
 - C. Positive economics
 - D. Informative economics
 - E. Political economics

2. The definition of Economics as “the science which studies human behaviour as a relationship between ends and scarce means which have alternative uses” was given by
 - A. Adam Smith
 - B. David Ricardo
 - C. Lionel Robbins
 - D. Thomas R. Malthus
 - E. Robert Giffen

3. Movement along a demand curve is caused by a change in
 - A. Consumer’s income
 - B. Commodity’s own price
 - C. Consumer’s taste
 - D. Price of a substitute good
 - E. Number of consumers

4. If the price of beef rises from ₦20.00 to ₦23.00 per kilogram, and the quantity demanded falls from 100 kg to 85 kg, then the price elasticity of demand for beef is
 - A. 0
 - B. 1
 - C. 2

- D. 3
 - E. 4
5. If increase in sales of a product from 5 to 6 units caused average revenue to fall from ₦20 to ₦19, the marginal revenue is
- A. ₦6.00
 - B. ₦11.00
 - C. ₦14.00
 - D. ₦19.00
 - E. ₦20.00
6. Which of the following is **NOT** an assumption of the marginal utility theory?
- A. Consumer rationality
 - B. Constant marginal utility of money
 - C. Diminishing marginal utility
 - D. Utility is measurable
 - E. Utility is qualitative
7. Which of the following is a consumer good?
- A. Insurance
 - B. Jewelry
 - C. Health
 - D. Education
 - E. Transport
8. The price paid for labour services is called
- A. Commission rate
 - B. Profit
 - C. Rent
 - D. Interest
 - E. Salary and wages
9. The cost per unit of output at any given period is the
- A. Average variable cost
 - B. Average fixed cost
 - C. Average total cost
 - D. Marginal cost
 - E. Total fixed cost
10. If an increase in production inputs of a firm causes output to increase in a greater proportion, the firm is said to be experiencing
- A. Increasing returns

- B. Decreasing returns
 - C. Constant returns to scale
 - D. Increasing returns to scale
 - E. Decreasing returns to scale
11. The goal of a firm as an economic agent is to
- A. Maximise utility
 - B. Maximise cost
 - C. Minimise profit
 - D. Minimise revenue
 - E. Maximise profit
12. Which of the following can be deduced from the law of variable proportions when total output is rising?
- A. MP is less than AP
 - B. MP is greater than AP
 - C. MP is equal to AP
 - D. MP is equal to zero
 - E. MP is negative
13. A market situation in which there are many buyers and many sellers of homogenous product is called
- A. Oligopoly
 - B. Perfect competition
 - C. Monopoly
 - D. Imperfect competition
 - E. Monopolistic competition
14. Which of the following exhibits a perfectly price elastic demand curve?
- A. Monopolistically competitive firm
 - B. Perfectly competitive firm
 - C. Monopoly firm
 - D. Oligopoly firm
 - E. Duopoly firm
15. The following are uses of National income estimates, **EXCEPT**
- A. For economic planning
 - B. To determine the inflation rate
 - C. To guide in the formulation of economic policies
 - D. Serve as indices of economic welfare

- E. Reveal the sectorial growth of the economy
16. In a two-sector circular flow model, goods and services are produced by the
- A. Foreign nations
 - B. Government
 - C. Households
 - D. Firms
 - E. Firms and Government
17. In a simple economic model, if the government expenditure increased by ₦6 million and marginal propensity to save is 0.2, the change in national income will be
- A. ₦4.8 million
 - B. ₦7.5 million
 - C. ₦20 million
 - D. ₦25 million
 - E. ₦30 million
18. Demand for cash balances in order to take advantages of a likely fall in the stock prices is referred to as
- A. Transactions motive
 - B. Precautionary motive
 - C. Speculative motive
 - D. Scarcity motive
 - E. Exceptional motive
19. A system where the value of each and every good is expressed in terms of the other good is referred to as
- A. Open economic system
 - B. Socialist economic system
 - C. Capitalist economic system
 - D. Barter system
 - E. Price system
20. Given an initial deposit of ₦1,000 in the banking system which leads to a total increase in bank deposit of ₦5,000, the required legal cash reserve ratio is
- A. 2%
 - B. 5%
 - C. 20%
 - D. 50%
 - E. 100%

21. Increase in public expenditure over time in West African countries is **NOT** associated with
- A. Rapid population growth
 - B. Public debt servicing
 - C. Increasing urban-rural migration
 - D. Provision of infrastructure
 - E. Banditry and terrorisms
22. The following are tools of contractionary fiscal policy, **EXCEPT**
- A. Reducing government spending
 - B. Increasing income tax rate
 - C. Reducing government transfer payments
 - D. Reducing debt servicing
 - E. Increasing government spending
23. Which of the following is a consumption tax?
- A. Personal income tax
 - B. Petroleum profit tax
 - C. Excise tax
 - D. Value-Added tax
 - E. Capital gain tax
24. Inflation rate in an economy is measured by means of
- A. Consumer price index
 - B. Price mechanism
 - C. Price legislation
 - D. Price discrimination
 - E. Aggregate index
25. The type of unemployment that relates to people with mental and physical disabilities is
- A. Seasonal unemployment
 - B. Frictional unemployment
 - C. Residual unemployment
 - D. Cyclical unemployment
 - E. Structural unemployment

26. The instrument of trade protection which allows the entry of only the specified quantity of foreign goods into a country is
- A. Embargo
 - B. Quota
 - C. Import tariff
 - D. Exchange control
 - E. Subsidy
27. The merchandise trade, services and income account, and unilateral transfers in the balance of payments (BOP) are recorded in the
- A. Current account
 - B. Capital account
 - C. Official reserves
 - D. Exports account
 - E. Imports account
28. The difference between the values of merchandise exports and merchandise imports is called
- A. Terms of trade
 - B. Balance of trade
 - C. Balance of payments
 - D. Import substitutions
 - E. Import duties
29. Which of the following financial institutions is a soft loan window of the World Bank Group?
- A. International Development Association (IDA)
 - B. African Development Bank (AfDB)
 - C. European Investment Bank (EIB)
 - D. International Monetary Fund (IMF)
 - E. Multilateral Investment Guarantee Agency (MIGA)
30. Which of the following is **NOT** an objective of economic planning?
- A. Maximise utilisation of productive resources
 - B. Promote balanced growth
 - C. Attract foreign investments
 - D. Match the available resources with the desired goals
 - E. Widen the gap between the rich and the poor

SECTION A: PART II**SHORT ANSWER QUESTIONS****(20 Marks)****ATTEMPT ALL QUESTIONS IN THIS SECTION**

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

1. An organised set of relationships, under a set of assumptions, from which a conclusion or a set of conclusions is logically derived is known as
2. The quantity supplied of pens per week is represented by the function; $Q_s = 70 + \frac{Q}{2}$. At a price of ₦8.00, the quantity supplied will be
3. The elasticity of demand that uses the average of two points in calculating the value of its coefficient is known as
4. In the cardinal utility approach of the theory of consumer behaviour, utility is measured in
5. A person who organises, manages, and assumes the risks of a business enterprise is called
6. A group of firms producing similar or identical goods is called
7. The difference between the total revenue and the sum of explicit and implicit costs incurred by a firm for a given output is called
8. A market structure in which demand curve for the firm's output is the market demand curve for the product is called
9. At the output level where a firm's total revenue (TR) is at maximum, the marginal revenue (MR) is
10. The excess of output sales value over the cost of inputs purchased by the firm is known as
11. A functional relationship between consumers' disposable income and planned spending on final goods and services is called
12. The monetary instrument that regulates money supply through the sale or purchase of government securities is known as
13. Money that is backed by law is known as
14. The total outstanding debt obligations or accumulated borrowing of the government within a country is known as

15. The policy of the government that regulates money supply and credit availability in the economy is called
16. Inflation induced by rising aggregate demand is referred to as
17. The exchange rate system in which the exchange rate is determined by the forces of demand and supply is known as
18. The trade restrictive measure whereby importation of some goods is totally prohibited is called
19. The acronym UNCTAD means
20. If the population of a country increases from 40 million in 2010 to 50 million in 2018, the population growth rate is

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

PART I: MICROECONOMICS

ATTEMPT TWO QUESTIONS

QUESTION 1

- a.
 - i. What is an 'Economic System'? (1½ Marks)
 - ii. List **THREE** main functions of an economic system. (3 Marks)
 - b. Explain **FOUR** principal features of the capitalist economy. (8 Marks)
- (Total 12½ Marks)**

QUESTION 2

- a. Explain the concepts of 'Economies of Scale' and 'Diseconomies of scale' using appropriate illustrative diagram. (5 Marks)
 - b.
 - i. What is an Internal economies of scale? (1½ Marks)
 - ii. Identify and explain **THREE** types of internal economies of scale. (6 Marks)
- (Total 12½ Marks)**

QUESTION 3

- a. Explain briefly the concepts of 'Marginal revenue' and 'Marginal cost'.
(3 Marks)
- b. The hypothetical table below gives the demand and cost schedule faced by a given monopolist.

Price (₺)	Quantity (Q)	Total Cost (₺)	Total Revenue (₺)	Marginal Revenue (₺)	Marginal Cost (₺)
7.00	1	8	7	-	-
6.00	2	9	12		
5.00	3	12	15		
4.00	4	20	16		
3.00	5	35	15		
2.00	6	55	12		
1.00	7	77	7		

Required

- i. Complete the above table for the marginal revenue, and marginal cost trends.
(6 Marks)
- ii. Determine the profit - maximising output level and the profit - maximising selling price.
(3¹/₂ Marks)
- (Total 12¹/₂ Marks)**

SECTION B: PART II:**MACROECONOMICS****ATTEMPT TWO QUESTIONS****QUESTION 4**

- a. Assuming an open economy, explain what is an aggregate demand. (4½ Marks)
- b. Given a macroeconomic model of an open-economy as $Y = C + I + G + (X - M)$

Where:

Aggregate consumption (C)	₦65 million + 0.8Y _d
Disposable income (Y _d)	Y – T
Lump sum tax (T)	₦40 million
Aggregate investment (I)	₦26 million
Government expenditure (G)	₦39 million
Net export (X-M)	₦15 million

You are required to calculate

- i. The equilibrium national income (4 Marks)
- ii. The government expenditure multiplier (2 Marks)
- iii. The change in equilibrium national income, given an additional government expenditure of ₦20 million. (2 Marks)
- (Total 12½ Marks)**

QUESTION 5

- a. Explain briefly “Development banks” (4½ Marks)
- b. Explain **FOUR** main functions of Development banks in your country. (8 Marks)
- (Total 12½ Marks)**

QUESTION 6

- a. i. Explain **THREE** main objectives of the African Development Bank (A/DB) (4½ Marks)
- ii. Identify **TWO** problems affecting the performance of African Development Bank (A/DB) in recent times (2 Marks)
- iii. State **THREE** main functions of
- International Monetary Fund (IMF)
 - Organisation of Petroleum Exporting Countries (OPEC)
- (6 Marks)
- (Total 12½ Marks)**

SOLUTIONS

SECTION A: PART I

MULTIPLE CHOICE QUESTIONS

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

29. A

30. E

EXAMINER'S COMMENT

The questions in this part were drawn fairly from all the topics in the syllabus. All the candidates attempted the questions in compliance with the instructions. About 52% of the candidates scored at least 50% of the marks allocated. Effective coverage of the entire syllabus is key to perform well in this part of the paper.

SECTION A: PART II SHORT ANSWER QUESTIONS

1. Economic model/Economic theory
2. 74
3. Arc price elasticity of demand
4. Utils
5. Entrepreneur
6. An Industry
7. Economic profit
8. Monopoly
9. Zero
10. Profit
11. Consumption function
12. Open Market Operations
13. Legal tender
14. Internal debt
15. Monetary policy
16. Demand-pull inflation
17. Floating/Flexible exchange rate system
18. Embargo
19. United Nations Conference on Trade and Development
20. 25%

EXAMINER'S COMMENTS

This part of the paper is also compulsory and all the candidates attempted the questions. The questions were selected fairly from the two main branches of Economics – Microeconomics and Macroeconomics. The success rate is about 64%.

SECTION B:

SOLUTION 1

- a. (i) An economic system describes the mechanism by which scarce resources are allocated in society, the nature of the relationship between the individual and society and the role of government in the allocation of resources and the direction of economic activity.

OR

An economic system can be described as a means through which the system of production, resource allocation, distribution and exchange of goods and services are carried out by individuals or group of individuals in a given society.

- (ii) The functions of an economic system are listed as follows:

1. Allocation of Resources
2. Organisation of Production
3. Distribution of Goods and Services
4. Economic Growth and Development
5. Economic Stability

- b. The features of a capitalist economic system are:

- (i) **Private ownership of properties:** The system is characterized by private ownership of resources and production outfits.
- (ii) **Price mechanism:** The forces of demand and supply, which is called price mechanism, determines what to produce, how to produce, and for whom to produce. There is no government intervention.
- (iii) **Profit motive:** Decisions and activities of producers are guided by profit motive. It is this desire for personal gain that lies behind individual initiative and enterprise.
- (iv) **Consumer sovereignty:** The producers respond to the demands of the consumers concerning what goods to produce and services to provide.
- (v) **Freedom of enterprise:** The producers produce variety of goods and services subject to their abilities and training, legal restrictions and existing market conditions. In other words, there is free choice of occupation for an entrepreneur.
- (vi) **Competition:** The existence of large number of buyers and sellers in the market makes competition one of the core features of the capitalist system.

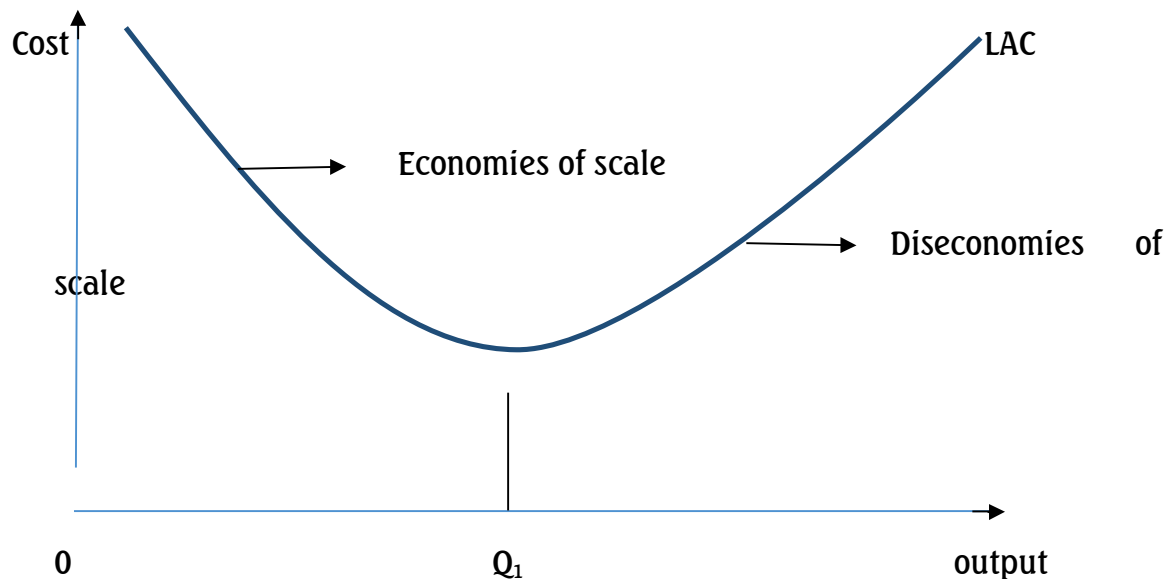
EXAMINER'S COMMENTS

This question is about economic system – meaning and functions as well as features of the capitalist type of economic system. About 62% of the candidates attempted the question, while only about 44% of them scored pass marks. Inability of some of those who attempted the question to identify the specific functions of every economic system accounted for the poor scores in the question.

SOLUTION 2

- a. **Economies of scale** refers to the cost savings made possible as plant size increases. That is, a firm is said to achieve economies of scale if its long-run average costs decline as it increases the size of its plant. On the other hand, **diseconomies of scale** refers to the higher unit costs the firm incurs as a result of setting up a larger plant.

Diagrammatically,



As output increases from output level 0 to Q_1 , the average cost decreases and the firm is said to be experiencing economies of scale. Beyond the output level Q_1 , the average cost of production increases as output or plant size increases. This is called diseconomies of scale.

- b. (i) **Internal Economies of Scale:** These are costs-reducing advantages that accrue to the firm directly as a result of management and efficiency of the firm's operation leading to an increase in its level of output. The costs-reducing advantages can be through technical, managerial, marketing and financial economies.
- (ii) Types of internal economies of scale include: Managerial, Technical, Marketing and Financial economies.
1. **Managerial economies:** Cost-reducing advantage derived from specialisation of labour. In large firms, specialists are employed where each concentrates on a particular field of production. Each worker becomes efficient and thus increases the productivity of the firm thereby reducing the unit cost of production.

2. **Technical economies:** Large scale production embraces mass production with the use of modern machinery giving rise to technical economies because overhead costs are spread over a large output. Furthermore, a large firm is able to support its own research and development programme.
3. **Marketing economies:** Large firms buy their raw materials and other productive inputs in bulk and obtain discount. This amounts to lowering the cost of production and offering their products at lower prices. Sales promotion and advertisement is also employed by large firms which enables them to spread the cost of production over a large output produced.
4. **Financial economies:** The sources of funding open to large firms are enormous. They can seek for loan from banks at lower rate of interest or offer their shares and stocks to the public through the stock exchange market. All these advantages are not open to small firms; hence large firms have financial economies advantages over the small ones.

EXAMINER'S COMMENTS

This question tested candidates' understanding of the concepts of economies of scale, diseconomies of scale and internal economies of scale. Although, the question is straightforward, only about 33% of the candidates attempted it with about 48% of them scoring at least 50% of the total mark obtainable.

SOLUTION 3

a. **Marginal Revenue (MR)**

Marginal revenue is the change in total revenue with respect to a change in quantity sold. That is, it is the change in total revenue that results from the sale of one extra unit of the commodity. It is found by dividing the change in total revenue (TR) by the change in quantity sold (Q)

$$MR = \frac{\Delta TR}{\Delta Q}$$

Marginal Cost (MC)

Marginal Cost (MC) is change in total cost (TC) as a result of a unit change in output. It is generally defined as the addition to TC resulting from an additional unit of output produced. The marginal cost curve is always in U-shape It is measured as:

$$MC = \frac{\Delta TC}{\Delta Q}$$

- b. (i) The marginal revenue and marginal cost trends computations using the formulae stated in 'a' above

Price (₦)	Quantity (Q)	Total Cost (₦)	Total Revenue (₦)	Marginal Revenue (₦)	Marginal Cost (₦)
7.00	1	8	7	-	-
6.00	2	9	12	5	1
5.00	3	12	15	3	3
4.00	4	20	16	1	8
3.00	5	35	15	-1	15
2.00	6	55	12	-3	20
1.00	7	77	7	-5	22

- (ii) The profit-maximizing output level is where the $MC = MR$. Therefore, using the result in the table, the $MC = MR$ at output level of 3 units. And the maximizing selling price is N5.00

EXAMINER'S COMMENTS

The question explored the concepts of marginal cost, marginal revenue, determination of profit-maximising output level and profit-maximising selling price under the theory of the firm. About 84% of the candidates attempted the question while the success rate is about 66%.

SOLUTION 4

- a. Aggregate demand also known as aggregate expenditure is the total expenditure on final goods and services in an economy within a specified period of time. Aggregate demand is made up of households' expenditure (C), firms' expenditure (I), government expenditure (G), exports (X) and imports (M). It can be represented in a model as $AD = C + I + G + (X - M)$, where $(X - M)$ is net exports. The aggregate demand does not include expenditure on intermediate goods.
- b. Given the macroeconomic model of an open-economy as $Y = C + I + G + (X - M)$ and the data,
- (i) The equilibrium national income is expressed as
 $Y = C + I + G + (X - M)$
 Substituting the given data, we have
 $Y = 65 + 0.8Y_d + 26 + 39 + 15$
 $= 65 + 0.8(Y - 40) + 26 + 39 + 15$
 $= 145 + 0.8Y - 32$

$$Y - 0.8Y = 113$$

$$(1 - 0.8)Y = 113$$

$$Y = 113/0.2$$

$$Y = \text{N}565 \text{ million}$$

(ii) The government expenditure multiplier (K) is expressed as

$$K = \frac{1}{1 - 0.8} = \frac{1}{0.2} = 5$$

(iii) The change in equilibrium national income, given an additional government expenditure of N20 million

$$Y = K(\Delta G)$$

$$Y = 5(20) \text{ million}$$

$$= \text{N}100 \text{ million}$$

This implies that the national income will increase by N100 million, given an additional government expenditure of N20 million

EXAMINER'S COMMENTS

The question is about equilibrium national income determination from the perspective of the Keynesian approach. About 72% of the candidates attempted the question, while the success rate is about 53%. Poor substitution of the given data to the equilibrium national income model of an open macroeconomy accounted for poor scores obtained by some of the candidates.

SOLUTION 5

a. Development banks are specialized banking financial institutions established mostly by the government to contribute to the development of specific sectors (such as industrial, commerce, agricultural, rural, urban and housing) of the economy.

Examples of development banks in Nigeria are Bank of industry, Federal Mortgage bank, Urban Development Bank (UDB), Nigerian Agricultural Cooperative and Rural Development Bank (NACRDB), National Bank for Commerce and Industry (NBCI) and Bank of Agriculture (BOA)

b. **The main functions of Development banks in Nigeria include:**

- (i) Provision of medium and long-term loans for investment in various sectors like agriculture, manufacturing and commerce.
- (ii) Identification, promotion and development of viable projects for the private sector.
- (iii) Advice and assist indigenous businesses to ensure profitable performance.

- (iv) Directly investing in relevant sectors of the economy.
- (v) Supervising the implementation of projects they finance by requesting progress reports and visiting the project sites,
- (vi) They commission and carry out studies into the social and economic needs of the economy with a view to making policy recommendations to the government.
- (vii) They develop in the citizens, entrepreneurial ability and support their efforts with take-off loans.
- (viii) They serve as a channel through which international investible funds are mobilised to grow the local economy.
- (ix) Nominating technical and managerial partners to both local and foreign investors thereby promoting foreign direct investments (FDIs).

EXAMINER'S COMMENTS

The question on development banks is straight forward. However, only about 61% of the candidates attempted it with the success rate of about 44%.

SOLUTION 6

- a. (i) **The main objectives of African Development Bank (AfDB) are:**
1. To finance investment projects and programmes of its members using its resources.
 2. To mobilize resources from outside Africa, especially from developed countries, for the financing of such investment projects and programmes.
 3. To undertake or participate in the selection, study and preparation of projects, enterprises and activities contributing to the development of its members.
 4. To provide technical assistance required in the selection, study, preparation and execution of development projects or programmes.
 5. To promote investments in Africa of public and private capital projects or programmes designed to boost economic development or social progress of its members.
- (ii) **The problems of the African development bank in recent times have been identified as including:**
1. The rapid decline in its financial resources due to increasing arrears on loan repayments from member countries.
 2. The continued concentration of its lending to a few member countries.
 3. Failure of member countries to pay their subscriptions timely and regularly

(iii) **The main functions of the IMF are:**

1. To promote international monetary co-operations through a permanent institution that provides the machinery for consultation and collaboration on international monetary problems.
2. To facilitate the expansion and balanced growth of international trade, and to contribute thereby to the promotion and maintenance of high levels of employment and real income.
3. To promote exchange rate stability, to maintain orderly exchange arrangement among members, and to discourage competitive currency devaluation.
4. To assist in the establishment of a multilateral system of payment in respect of current transactions and in the elimination of foreign exchange restrictions which hamper the growth of world trade.
5. To help member countries overcome their balance of payment difficulties through the provision of short to medium term credit and technical guidance.

(iii) **The functions of OPEC are:**

1. To promote oil price stability in international market through periodic review of members' oil – export volume (quota).
2. To coordinate and unify the petroleum policies of member countries and determine the best means of safeguarding their interest individually and collectively.
3. To provide an efficient economic and regular supply of petroleum to consuming nations.
4. To guarantee a fair return on capital to those individuals and corporate bodies investing in the petroleum industry.
5. To provide financial assistance to poor non-oil producing countries so as to close the gap between the rich and the poor nations (OPEC special fund was established in 1976 in furtherance of this objective).

EXAMINER'S COMMENTS

The question tested candidates' knowledge of the relevance of the African Development Bank, International Monetary Fund and Organization of Petroleum Exporting Countries to the member countries and the globalised world economy. About 43% of the candidates attempted this question, while about 48% of them scored at least 50% of the total mark obtainable.

GENERAL COMMENT

Candidates are advised to ensure effective coverage of the syllabus, make good use of the ICAN Study Pack and the recommended books in the syllabus.

THE ASSOCIATION OF ACCOUNTANCY BODIES IN WEST AFRICA**ACCOUNTING TECHNICIANS SCHEME, WEST AFRICA
MARCH 2021 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 box to ensure that you do not have any cell phone or written material with you in the hall otherwise, you will be stopped from continuing with the examination.
5. Do not enter the hall with anything written on your docket.
6. Insert your examination number in the space provided above.

TUESDAY, 30 MARCH, 2021

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 – MARCH 2021

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. An assemblage of rules and with sanctions to regulate general human societal conduct is called
 - A. Instructions
 - B. Commands
 - C. Laws
 - D. Directives
 - E. Agreements

2. Which of the following is a source of law under democratic governance?
 - A. Court Martial
 - B. Edicts
 - C. Arbitration
 - D. Decrees
 - E. Acts

3. Which of the following is classified as a court of records under the judicial system?
 - A. Area court
 - B. District court
 - C. High court
 - D. Sharia court
 - E. Juvenile court

4. Which of the following is classified as a special court?
 - A. Customary court
 - B. Court of appeal
 - C. Regional court
 - D. Revenue court
 - E. Magistrate court

5. An untrue representation made in the course of negotiating a contract is called
- A. Mistake
 - B. Misrepresentation
 - C. Duress
 - D. Undue Influence
 - E. False Pretence
6. Agency created where the principal and agent consented to their conducts towards each other and involving third parties in business transactions is called Agency
- A. Implicit
 - B. Supposed
 - C. Presumed
 - D. Accepted
 - E. Implied
7. The number of parties in agency transactions is
- A. 2
 - B. 3
 - C. 4
 - D. 5
 - E. 6
8. Goods which have been identified and agreed on by the seller and buyer at the time of contract of sale are called goods
- A. Specific
 - B. Special
 - C. Genuine
 - D. Sample
 - E. General
9. Which of the following is an implied term in sale of goods?
- A. Seller may force the buyer to accept the goods before sale is concluded
 - B. Buyer must accept the goods in sealed packaging
 - C. Goods are not transferable
 - D. Bulk must correspond with the sample
 - E. Goods must be adaptable for general purposes

10. Which of the following is a right of the hirer under hire purchase agreement?
- A. Insist that owner must maintain the goods
 - B. Return the goods and reclaim instalments paid
 - C. Exercise option to purchase the goods after full payment of instalments
 - D. Pay instalments only when demanded
 - E. Sell the goods on hire purchase to a third party
11. Which of the following is a right of the owner in hire purchase agreement?
- A. Vary instalment payments
 - B. Select maintenance workshop for the hirer
 - C. Regulate usage of the goods
 - D. Insure the goods for the hirer
 - E. Repossess the goods where the hirer terminates the agreement
12. The suspension of an employee from duty pending the determination of a criminal charge against him is referred to as
- A. Interpolation
 - B. Interregnum
 - C. Interception
 - D. Interdiction
 - E. Interrogation
13. Under Insurance law, consideration from the insured to the insurer is called
- A. Price
 - B. Premium
 - C. Cost
 - D. Value
 - E. Contribution
14. A contract made under seal is referred to as contract
- A. Specialty
 - B. Simple
 - C. Complex
 - D. Comprehensive
 - E. Conditional

15. In law of contract, *consensus ad idem* means
- A. Conditional accent to the terms of sale
 - B. Provisional acceptance of the terms of sale
 - C. Agreement by the parties to the terms of sale
 - D. Non acceptance of the terms of sale
 - E. Rejection of the terms of sale.
16. Which of the following is a consequence of counter-offer in law of contract?
- A. Offer may be modified
 - B. Offer may subsequently be accepted
 - C. Acceptance may be re-presented
 - D. Offeror and offeree can renegotiate
 - E. Offer is rejected absolutely
17. A preliminary communication with a person or the general public which indicates a willingness to enter into negotiations is called
- A. Conditional offer
 - B. Offer and acceptance
 - C. Open advertisement
 - D. Invitation to treat
 - E. Prospectus of offer
18. Which of the following is a consequence of an illegal contract?
- A. Voidable by a party
 - B. Null and void
 - C. Enforceable by aggrieved party
 - D. Voidable by both parties
 - E. Amendable by both parties
19. An essential term which is fundamental and goes to the root of a contract is referred to as
- A. Warranty
 - B. Guaranty
 - C. Condition
 - D. Assurance
 - E. Commitment

20. A partner who does not participate in the management of a partnership is called
- A. Limited partner
 - B. Associate partner
 - C. General partner
 - D. Introvertive partner
 - E. Private partner
21. Which of the following is a feature of a registered partnership?
- A. The business is non-professional
 - B. The business name is different from the surnames of the partners with the forename
 - C. All the partner contribute equal capital to the partnership
 - D. There are more than 10 partners in the partnership
 - E. There is no partnership agreement
22. A person who participates in the formation of a new company and subscribes some of the shares of the company, is called
- A. Inverter
 - B. Reverter
 - C. Ambiter
 - D. Promoter
 - E. Founder
23. Shares allocated to persons involved in the formation of a company is called shares
- A. Nominal
 - B. Premium
 - C. Initial
 - D. Capital
 - E. Deferred or Founders
24. Under which of the following circumstances shall the Corporate Affairs Commission refuse to register the proposed name of a company?
- A. The promoter is a discharged bankrupt
 - B. The proposed name resembles or is similar to an existing registered company
 - C. The proposed company has only two directors
 - D. One subscriber is a minor but with others who are qualified adults
 - E. The parent company is a foreign company

25. Which of the following may not be registered as a business name?
- A. Private business name that contains "National"
 - B. Limited liability company with "Ltd" as its last word
 - C. Public company with "PLC" as its last acronym
 - D. Sole proprietorship business using the full names of the proprietor
 - E. Unlimited company with "Unlimited" as its last word
26. Which of the following is a function of a money deposit bank?
- A. Printing of coins and local currencies
 - B. Issue stocks and securities
 - C. Transfer and clearing of funds
 - D. Keep financial instruments for the Central Bank
 - E. Regulate foreign exchange in circulation
27. Which of the following is a duty of a customer to his Banker?
- A. Disclose all financial transactions
 - B. Support the bank staff
 - C. Buy the shares of the bank
 - D. Disclose all his financial resources
 - E. Pay appropriate bank charges
28. A bill of exchange which is transferable by mere delivery is called bill
- A. Delivery
 - B. Acceptable
 - C. Authorised
 - D. Bearer
 - E. Simple
29. The assent of the drawee of a bill assents to the order of the drawer is referred to as acceptance
- A. Automatic
 - B. General
 - C. Simple
 - D. Direct
 - E. Express
30. Which of the following is an investment?
- A. Charitable purposes
 - B. Group trust
 - C. Protective trust
 - D. Compensatory trust
 - E. Unit trust

ATTEMPT ALL QUESTIONS

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

1. What is the supreme statute under democratic governance?
2. In statutory interpretation, the rule that guides the court to apply the words of a statute according to its ordinary meaning is called _____
3. The doctrine of law which stipulates that inferior courts must abide by decisions of superior courts is called _____
4. In the judicial system, courts that are on the same level in hierarchy and with equal powers of adjudication are referred to as _____
5. Where a person acts on behalf and for the benefit of another person in an emergency without obtaining prior approval, the agency created is called _____
6. In unconditional sale of goods, when does property in goods pass from the seller to the buyer?
7. Under hire purchase agreement, the main right of the owner against a third party who acquired the goods with defective title is _____
8. When an employee incur expenses in the normal course of his duties to his employer, he is entitled to _____
9. The insuring of a subject matter with another insurer by an insurer who has already undertaken to cover a risk is referred to as _____
10. A contract in which the obligations of the parties are to be performed in the future is called _____
11. What is an unconditional agreement with the terms of an offer called?
12. In law of contract, a person who accepts an invitation to treat is called _____
13. What is the effect when a lawful contract is performed illegally?
14. The remedy for breach of warranty in law of contract is _____

QUESTION 2

- a. There are THREE arms of government in a democracy.

Required

Explain briefly, **ONE** major function of the Judiciary in its relationship with the other arms of government. (2½ Marks)

- b. Agency may be created through many ways.

Required

Explain briefly **TWO** ways by which Agency may be created. (5 Marks)

- c. During a general election into political office, a contestant, Chief Jaguda contracted Barao, his party agent, to recruit unregistered persons to vote at the elections. Chief Jaguda agreed to pay Barao ₦200,000 for the job, and gave him ₦100,000 advance, with balance payable at the polling venue immediately after the voting exercise. On the election day, Barao mobilised the unregistered voters to the voting venue, only to find out that the elections had been cancelled the previous day in that polling venue by government.

Chief Jaguda wants Barao to refund the ₦100,000 advance paid, while Barao wants to collect his ₦100,000 balance from Chief Jaguda having mobilised people to execute the job.

Required

Advise both parties, stating the legal issues involved. (5 Marks)

(Total 12½ Marks)

QUESTION 3

- a. Decisions of courts sometimes form the basis of law in the legal system.

Required

Explain briefly “persuasive precedent” in case law. (2½ Marks)

- b. The parties to a contract usually agree to the terms of their contract without compulsion or force.

Required

Explain briefly, “vitiating element in contract”, and state **ONE** example. (2½ Marks)

- c. There are various types of financial instruments used in business transactions.

Required

Explain briefly 'promissory note', and state the parties involved.
(2½ Marks)

- d. In law, only valid contracts are legally enforceable.

Required

State **FIVE** types of contracts classified as illegal in law of contract.
(5 Marks)

(Total 12½ Marks)

QUESTION 4

- a. The courts operate within the hierarchy of courts in the legal system.

Required

Explain briefly, the original and exclusive jurisdiction of the Supreme Court.
(2½ Marks)

- b. Hire purchase contract must be in writing and signed by both owner and hirer.

Required

State and explain briefly **TWO** terms or clauses which are void in hire purchase agreement.
(5 Marks)

- c. Chief Egonaka, a big time dealer in vehicles spare parts, entered the shop of Jideoke, a competitor in the same spare parts business, to purchase all the spare parts of a particular type of vehicle on display for sale in the shop, but Jideoke refused to sell to him. The aim of Chief Egonaka was to become the sole monopolist of the product. Chief Egonaka asserted that the display of goods for sale in the shop was an offer which he had duly accepted by accepting to purchase. He intends to sue Jideoke for breach of contract.
(5 Marks)

You are required to

Advise Chief Egonaka, stating the legal issues involved.

(Total 12½ Marks)

QUESTION 5

- a. Liability attaches for tortuous acts.

Required

Explain briefly "Strict liability" in tort.

(2½ Marks)

- b. There are different classes of Insurance contracts under insurance law.

Required

Explain briefly "General Insurance" and state **THREE** examples.
(5 Marks)

- c. Section 19 of the Companies and Allied Matters Act (2004 as amended), stipulates a maximum of 20 members for a partnership.

Required

Apart from cooperative societies, explain briefly partnership(s) exempted from this rule, and state one example of such partnership.
(2½ Marks)

- d. Generally, contracts entered into with infants are unenforceable.

You are required to

Explain exceptions to this rule, and state **ONE** example of such contracts.
(2½ Marks)

(Total 12½ Marks)

QUESTION 6

- a. Mr. Tarira was the promoter of a new company to take over an existing business that was being wound up. Using a fictitious name, he personally bought the office building of the defunct company at ₦20million and sold it to the new company for ₦25million. After incorporation of the new company, the board of directors found out the secret profit made by the promoter and, therefore, rescinded the building purchase. Mr. Tarira is aggrieved and intends to sue the company, claiming that he acted on behalf of the new company.

You are required to

Advise Mr. Tarira, stating the legal issues involved. (5 Marks)

- b. Contract of employment is mutual agreement between the employer and employee.

Required

State and explain **TWO** tests to determine existence of employer/employee relationship.
(5 Marks)

- c. A banker has duties and obligations towards his customer.

Required

Explain briefly, the duty of a banker to act as a bailee for his customer, and state the remedy for breach of this duty.
(2½ Marks)

(Total 12½ Marks)

SOLUTIONS

SECTION A:

PART 1: MULTIPLE-CHOICE QUESTIONS

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

28. D
29. B
30. E

EXAMINER'S COMMENTS

The questions had a good spread over the syllabus. Attempt rate was 100% and general performance was very good.

SECTION A:

PART II: SHORT ANSWER QUESTIONS

1. Constitution
2. Literal rule
3. Judicial Precedent / *Stare Decisis*
4. Courts of coordinate jurisdiction
5. Agency of necessity
6. When the contract of sale is concluded
7. Recovery of possession of the goods
8. Re-imburement / Be indemnified
9. Re-Insurance
10. Executory
11. Acceptance
12. Offeror
13. Null and Void
14. Claim for damages
15. General Partners
16. On incorporation of the company
17. 3 Months
18. Claim for damages
19. Order bill
20. Trustee

EXAMINER'S COMMENTS

The questions covered the entire syllabus. Attempt rate was 100% and general performance was good.

SECTION B:

SOLUTION 1

1. (a) **Mischief Rule**

This rule requires that a judge should consider the law in operation before passing of the Act by Parliament, and look at the 'mischief' which the Act was intended to remedy, so as to interpret the Act in such a way as to suppress that mischief and advance the remedy intended by the Act.

(b) The different classes of goods are as follows:

i. **Existing Goods**

These are goods which have been manufactured, grown or produced, and owned by the seller and available for sale at the time of contract.

ii. **Specific / Ascertained Goods**

These are existing goods which have been identified and agreed upon by both seller and buyer at the time the contract of sale is made.

iii. **Future Goods**

These are goods which are to be grown, manufactured or acquired by the seller after the contract of sale has been agreed and concluded with the buyer.

iv. **Unascertained Goods**

These are goods which are sold usually by description, but not identified or agreed upon at the time contract of sale is concluded.

(c) In unit trust, the managing company acquires some securities (shares, debentures etc) quoted on the stock exchange, and transfers them to trustees who become sole custodian of the securities. These blocks of securities are then divided into units and offered to the public investment. The investors become the beneficiaries under a trust deed and are entitled to the securities according to their holdings.

(d) Company Limited by Guarantee.

A company limited by guarantee is a company that must not have share capital. The liability of its members is limited to the amount each member undertakes to contribute to the assets of the company in the event of its being wound up.

Examples of a company limited by guarantee include the following: societies for promotion of culture, science, and other branches of knowledge, chamber of commerce, Civil Society Organisations, and charitable organisations

EXAMINER'S COMMENTS

The question test candidates' knowledge on interpretation of statutes in the court system, classification of goods in sale of goods, unit trust and companies limited by guarantee.

Attempt rate was about 70% and general performance was good as over 60% of the candidates scored pass marks.

SOLUTION 2

2. (a) The major functions of the judiciary in relation to the other arms of government are:
- i. **Legal Guidance**
The judiciary has the function to provide legal guidance on the validity or otherwise of the actions of the Executive and the Legislature to preserve the Constitution.
 - ii. **Interpretation of Laws and Statutes**
It is the function of the judiciary to interpret laws and statutes where there is conflict between the Executive and Legislature.
 - iii. **Resolution of Disputes**
The judiciary has the function to resolve legal disputes between branches of government.
- (b) Agency may be created in the following ways:
- i. **Express Appointment**
Agency may be created expressly by the principal, either in writing, or by deed.
 - ii. **Implied Agency**
This is an agency that arises by implication or inference. Parties are presumed to have agreed or consented to the agency relationship by their conduct towards each other and third parties.

iii. Agency by Ratification

This is a situation where a person purports to act for another person without authorisation, but the person for whom he purports to have acted, subsequently adopts the act in retrospect.

iv. Agency by Estoppel

This is apparent agency which is created when a person allows another person to hold himself out as his agent, even though such relationship does not exist. The principal is thus estopped from denying existence of agency with that person who acts on his behalf.

v. Agency of Necessity

This agency is created by law when a person is obliged to act in an emergency situation on behalf and for the benefit of another person, and it is impossible to obtain prior approval of that person.

- (c) The legal issues involved relate to illegal contract and the effect Under the law, illegal contracts null and void *ab initio*, of no effect whatsoever, and unenforceable.

The case involves recruitment of unqualified persons to vote in an election. This is an illegal act committed by both Chief Jaguda and Barao. Since the contract is illegal, it is null and void, of no legal effect and unenforceable. The advance paid by Chief Jaguda and balance due to Barao cannot be claimed by any of the parties.

Both Chief Jaguda and Barao are thus advised not to make any claim against each other.

EXAMINER'S COMMENTS

This question test candidates' understanding of the functions of the judiciary under democratic administration, agency creation and application of the effects of illegal contracts.

About 80% of the candidates attempted the question and general performance was good as over 70% of the candidates scored pass marks.

SOLUTION 3

3. (a) **Persuasive Precedent**

This is a decision of a court or precedent that is not binding on the judge of a lower court, but the judge may consider it as a correct principle of law, and so feel persuaded to follow it. This is also known as *obiter dictum*.

(b) **Vitiating Elements In Contract**

Vitiating elements in contract are fundamental factors that may make an otherwise valid contract to become voidable or void.

Examples of vitiating elements include the following; mistake misrepresentation undue influence.

(c) **Promissory Note**

A promissory note is an unconditional **promise** in writing, made by one person to another, signed by the maker and agreeing to pay on demand, or at a fixed determinable future time, a sum certain in money to, or to the order of a named person or bearer.

The parties to a promissory note are the drawer and the drawee.

(d) The following contracts are generally regarded as illegal in law:

- i. Contract to commit crime or tort;
- ii. Contract prejudicial to public safety;
- iii. Contract that tends to impede the administration of justice;
- iv. Contract against sanctity of marriage;
- v. Contract that tends to promote or encourage corruption;
- vi. Contract to defraud the Government of revenue;
- vii. Contract in restraint of trade; and
- viii. Contract that involves trading with an enemy country.

EXAMINER'S COMMENTS

The questions test candidates' knowledge of the vitiating elements in contract, types of financial instruments in business transactions and illegal contracts. Attempt rate was about 70% and performance was below average at about 40% pass rate. Candidates' major pitfall was shallow knowledge of precedent in court decisions and types of illegal contracts. Candidates are advised to read the ICAN Study Text properly when preparing for the examination.

SOLUTION 4

- 4. (a)** The Supreme Court has original and exclusive jurisdiction over disputes between the Executive and the Legislature, between the Federal and State Governments as well as between the States of the Federation.
- (b)** The following terms or clauses in hire purchase agreement are void:
- i. A term that allows the owner or his agent to enter upon the hirer's premises for re-possession of the good, or which relieves him of liability for doing so;
 - ii. Any term which excludes or restricts the right of the hirer to terminate the agreement or any term that increases his liability over and above the one provided by the Hire Purchase Act; and
 - iii. Any term or clause that imposes an insurer or repairer on the hirer in respect of the good which is under hire purchase.
- (c)** The legal issue involved is invitation to treat in law of contract. An invitation to treat is not an offer; it only precedes an offer. It is an invitation to whom it is directed or to the general public to make an offer.
- The display of goods by Jideoke in his shop was not offer, but an invitation to treat. Chief Egonaka's willingness to purchase the items on display was an offer, but rejected by Jideoke. Thus, there was no contract between the parties.
- Chief Egonaka is therefore advised not to sue Jideoke as the suit will fail

EXAMINER'S COMMENTS

The questions test candidates' knowledge on hierarchy of courts in the legal system, void terms in hire purchase agreement and invitation to treat in law of contract. Over 70% of the candidates attempted the question and general performance was good as about 60% of the candidates scored pass marks.

SOLUTION 5

5. (a) Strict Liability in Tort

Strict liability tort is a tort for which the plaintiff does not need to prove that he sustained an injury or loss. It is sufficient if he proves that the tort has been committed. It is also no defence that the injury caused by the tortfeasor was neither intentional nor negligent.

(b) General Insurance

General insurance is a non-life insurance contract in which the insurer, in return for payment of agreed premium by the insured, undertakes to indemnify the insured against a particular loss upon the happening or occurrence of stated event.

Examples of general insurance include; fire insurance, motor vehicle insurance, marine and aviation insurance, oil and gas insurance, and miscellaneous insurance.

(c) Partnerships formed for the purpose of carrying on professional practice are exempted and could have more than 20 partners in the firm

Examples of such partnership are, a firm of legal practitioners for the purpose of practicing law, and a firm of professional accountants for the practice of accountancy.

(d) Contracts made with infants for necessities and apprenticeship are valid and enforceable against infant. Necessaries are things that are essential for the welfare of the infant, without which the infant cannot reasonably exist, or beneficial to his general wellbeing in life.

Examples of necessities are food, education, clothing and apprenticeship to acquire skill.

EXAMINER'S COMMENTS

The questions test candidates' understanding of liability in torts, classes of Insurance, number of members in partnerships and contracts entered into with infants.

Over 60% of the candidates attempted the question and general performance was average with pass rate of about 50%. Candidates' major pitfall was lack of understanding of classes of insurance.

Candidates are advised to read the topic in the ICAN Study Text.

SOLUTION 6

6. (a) The legal issues relate to pre-incorporation contracts and fiduciary duty of a promoter not to make secret profit from transaction done for and on behalf of the proposed company. If does, must disclose same.

Mr Tarira obviously breached his fiduciary duty of disclosure of the secret profit he made from sale of the building to the company. The directors were thus right in rescinding the building purchase contract.

Mr Tarira is advised not to sue the company as the suit will fail. He should refund the N25million he received for the sale of the building to the company.

- (b) The tests to determine existence of employer/employee relationship include the following:

i. **Control Test**

When a person exercises control over another in business, and gives instructions which that other person is under obligation to perform, employer/employee relationship is established;

ii. **Organisation Test**

Employer/employee relationship is established in a situation where a person is an integral part of a business organisation, and submits to the orders and rules of that organisation in the line of his assigned duties; and

iii. **Hire and Fire Test**

When a person has the powers to hire and dismiss another, it presupposes an employer/employee relationship between the parties.

- (c) A banker has a duty to keep valuables and goods in safe custody, with due diligence and care, if the banker has agreed to keep such goods for the customer.

The banker will be liable to indemnify the customer for any loss or damage to such valuables or good sowing to the banker's negligence or lack of due care

EXAMINER'S COMMENTS

The questions test candidates' knowledge and the application of the law on promoters' fiduciary duty in company formation, employer/employee relationships, and duties of a banker to its customer.

Attempt rate was over 60% and performance was good as about 60% of the candidates scored pass marks.

THE ASSOCIATION OF ACCOUNTANCY BODIES IN WEST AFRICA



**ACCOUNTING TECHNICIANS SCHEME, WEST AFRICA
MARCH 2021 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 and mathematical sets box to ensure that you do not have any cell phone or written material with you in the hall otherwise, you will be stopped from continuing with the examination.
5. Do not enter the hall with anything written on your docket.
6. Insert your examination number in the space provided above.

WEDNESDAY, 31 MARCH, 2021

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 – MARCH 2021

COMMUNICATION SKILLS

Time Allowed: 3 hours

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

ATTEMPT ALL QUESTIONS

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

1. Which of the following best defines “informative listening”?
 - A. A case in which the listener emphasises understanding and sharing the feelings of the other person
 - B. A case in which the listener’s concern is to understand the message
 - C. A case in which the listener’s disposition is of prime importance
 - D. Focusing on the ability to receive information with a grain of salt
 - E. Upgrading one’s listening skills

2. The acronym **SQ3R** means
 - A. Sequence, Question, Read, Recall, Review
 - B. Survey, Question, Read, Recall, Review
 - C. Sequel, Question, Recall, Re-read, Review
 - D. Shuffle, Question, Read, Recall, Recap

3. Effective listening may be enhanced by the use of the following, **EXCEPT**
 - A. Ears
 - B. Visual aids
 - C. Eye contact
 - D. Smile
 - E. Frown

4. Which of the following does **NOT** include written communication?
 - A. Fax
 - B. Memo
 - C. Graphs
 - D. Electronic mails
 - E. Letters

5. Which of the following is **NOT** a type of pronoun?
- A. Personal
 - B. Relative
 - C. Interrogative
 - D. Demonstrative
 - E. Interpretive
6. Which of the following is **NOT** an advantage of written communication?
- A. Provides permanent record
 - B. Incapable of transmitting complex ideas
 - C. Provides analysis, evaluation and summary
 - D. Legally binding
 - E. Confirms, interprets and clarifies oral communication
7. The address of the recipient in a formal letter should be written
- A. Above the salutation
 - B. Below the salutation
 - C. Above the heading
 - D. Above the date
 - E. Below the date
8. A memo is an example of communication
- A. Lateral
 - B. Internal
 - C. External
 - D. Written
 - E. Technical
9. Which of the following is **NOT** a quality of good minutes of a meeting?
- A. Accuracy
 - B. Verbosity
 - C. Brevity
 - D. Objectivity
 - E. Clarity
10. An official statement issued by an organisation to the public on a specific issue is
- A. Press release
 - B. Campaign
 - C. Communiqué
 - D. Rejoinder
 - E. News

11. Which of the following is a brief, precise and direct document used to convey policies, directives, orders or instructions in an organisation?
- A. Query
 - B. Memorandum
 - C. Report
 - D. Rejoinder
 - E. Bulletin
12. Which of the following is a printed notice that is sent to a number of people at the same time?
- A. Circular
 - B. Bill
 - C. Request
 - D. Demand notice
 - E. Press statement
13. Which of the following is **NOT** a reading method?
- A. SARS
 - B. SER
 - C. PRQR
 - D. PSQRS
 - E. OK\$R
14. Apostrophe denotes
- A. Emotions
 - B. Enumeration
 - C. Listing
 - D. Pause
 - E. Possession
15. Which of the following can generate conflict within an organisation?
- A. Style
 - B. Attitudes
 - C. Conflicts
 - D. Knowledge
 - E. Members
16. When forming a compound word, which of the following punctuation marks is used?
- A. Quotation marks
 - B. Exclamation mark
 - C. Apostrophe
 - D. Hyphen
 - E. Dash

17. Which of the following is **NOT** a reading type?
- A. Skimming
 - B. Scanning
 - C. Light
 - D. Logicality
 - E. Study
18. Which of the following is an example of oral communication?
- A. Telephone
 - B. Letter
 - C. e-mail
 - D. Fax
 - E. SMS
19. He is a son of a bitch. In this sentence, “son of a bitch” is a
- A. Metaphor
 - B. Assonance
 - C. Epigram
 - D. Irony
 - E. Paradox
20. An indirect use of pleasanter, less direct name for something thought to be unpleasant is
- A. Euphemism
 - B. Personification
 - C. Hyperbole
 - D. Climax
 - E. Innuendo

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

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

1. Diagrams, display boards, flip charts are examples of communication.
2. Facial expression and gestures are a form of..... language.
3. Parts of speech are another name for
4. A noun is one ascribed to a specific person, object or thing.
5. The term used when an inanimate object is attributed with human quality is
6. A deliberate combination of two words that seem to be the opposite of each other in meaning is called
7. The repetition of consonant sounds in a given expression is referred to as
8. DSS, UNESCO, WAEC, etc. are examples of
9. Members, terms of reference and methodology are contained in the of a report.
10. The punctuation mark used to indicate a break of word at the end of a line which continues on the next line is
11. A report whose ultimate aim is to present a picture of a business organization in terms of product sales is
12. Listening is a(n)rather than a(n) activity.
13. Mind wandering constitute a(n) to effective listening.
14. The act of scribbling symbols or letters on a surface to represent sounds or words of a language is called
15. Scanning, as a type of reading, is mainly concerned with
16. Reports from subordinates to their superiors take the form of communication.
17. Informal communication network within an organisation is known as
18. I congratulate youyour success in the examination.

19. One major physical barrier to effective communication is
20. Neither Johnhis sister will be coming to the party.

SECTION B:

COMPULSORY

(30 Marks)

COMPREHENSION

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

Mobility can be defined as the ability to move from one point in space to another, and orientation can be defined as awareness of person's position in space. These two skills – orientation and morality- are indispensable for blind people.

Those who master them, develop confidence in themselves and self-esteem of themselves. In addition, they gain the admiration of the sighted population. The blind person who does not gain mastery of mobility and orientation skills, remains dependent on sighted guides. In our society, four groups of blind people can be identified. These include those who though would be willing to learn mobility and orientation skills, have no one to teach them these skills. Some of these venture out in their own into the streets with perhaps only a wooden stick, cut from the nearby bushes as a probe.

Because of their determination and courage, they develop a sense of independence. These people master mobility and orientation to a certain extent but an unpleasant experience of bruises and falls are sad to relate.

The second group are those who are **completely** dependent on sighted guides. Without certain guides they are helpless. The third group are those who have made themselves prisoners in their homes or have been made so by circumstances. They hardly step out of their protective environment. Finally, there are those who have been privileged to undergo formal mobility training. This is a well-planned mobility programme which enables the blind person who undergoes it, move about with confidence and with some degree of safety. An adult who goes blind in particular requires mobility training to enable him adjust to his blind condition.

The most popular group of four in Nigeria today are those with sighted guides. The practice of the use of sighted guides leading the blind is a common feature in our towns and villages. The paid guides range from the age of seven years to sixty years of age of both sexes. The guides are paid from the money made by the blind beggars. It is not unusual to find the members of the family leading another member of the family or a child leading one of the parents to beg from the sighted members of the community. Neither is it uncommon to find a whole family comprising a blind father, a sighted wife and two sighted children or more, go out

day after days and soliciting for alms, the blind father goes about begging for alms not only for himself but for the upkeep of the entire family. The blind head of the family often feels that it is his responsibility to beg from the members of the community to maintain his family, and on the other hand the members of the family feel that it is their responsibility to lead him around to beg.

It is well to mention also that among the blind, there are those who feel too confident of themselves and seem to be too independent. They would rather go on their own independently probing the ground. They stumble and fall repeatedly, yet continue on their journey for a search for independence, until they seem to be accustomed to the bruises and falls they experience. These people generally refuse assistance from the sighted people. The reason for the refusal might be simply because they do not want to be viewed as blind people. These blind people may continue to wage war on themselves and the people around them. Most of these type of blind people are found among the newly blinded adults and are on the verge of losing hope in life. They feel life is not worth living. They are almost at a stage of despair. Such people need the assistance of a counsellor to bring them to the realisation of the fact that all is not lost.

The most fortunate of all the blind groups mentioned above are those who have been fortunate to have a prescribed mobility programme. These easily adjust themselves in the community, easily find jobs and get along better with their employers and as well as co-workers.

One factor which the mobility instructor needs to bear in mind as he introduces mobility training to both the congenitally and adventitiously blind is the fact that one should not overlook the importance of individual differences. There are people who avoid taking any sort of risk and such people are excessively timid and afraid; there are also some blind people who are quick to gain insight into situation and whose orientation is very good. These people are not afraid of taking risk. Mobility training programme must therefore take into account individual differences, as regards temperament, intellectual abilities and social adjustment.

(An excerpt from Abang T.B's *Handbook of Special Education*)

- a. Give the passage a title. (1 Mark)
- b. What are the **FOUR** groups of blind people according to the passage? (4 Marks)
- c. What is the responsibility of the blind head of the family? (1 Mark)
- d. What factor should mobility instructor bear in mind while training blind people? (2 Marks)
- e. Why do some blind people refuse assistance from sighted people? (3 Marks)
- f. '.....who does not gain mastery of mobility and orientation skills'
 - i. What is the grammatical name of this expression? (1Mark)
 - ii. What is its function? (2 Marks)

- g. What are the **FIVE** advantages blind people who attend mobility and orientation programme gain? (5 Marks)
- h. What are the **TWO** problems encountered by some blind people who choose to move about on their own without guides? (4 Marks)
- i. What are the **TWO** skills needed by blind people to function well in society? (2 Marks)
- j. Give another word to replace each of the following words as used in the passage?
- (i) Admiration
 - (ii) Venture
 - (iii) Completely
 - (iv) Unusual
 - (v) Responsibility

(5 Marks)

(Total 30 Marks)

SECTION C ANSWER ANY TWO QUESTIONS

(30 Marks)

QUESTION 1

As an Accounting Clerk in a company that has been defrauded by a group of officers in the same company, you were appointed to serve as a member of the Investigating Panel set up by Management on the matter. Some of the members of the panel had vested interest and they ensured that not all the truth was captured in the report presented to the Management. You had access to read the report before it was submitted and you discovered that there had been some manipulations.

Required

Write an anonymous report to the Management explaining the truth of the matter.

(Total 15 Marks)

QUESTION 2

- a. List the **THREE** forms of oral communication (3 Marks)
- b. Explain briefly the **THREE** forms listed in (a) above (12 Marks)

(Total 15 Marks)

QUESTION 3

Your Accounting firm just recruited a fresh set of Accounting Technicians. An orientation course has been arranged for them. You are given the assignment of training them on the art of speech writing and delivery.

Required:

- a. List the **FOUR** methods of speech delivery you will teach them. **(6 Marks)**
- b. Discuss briefly **THREE** of the methods listed in (a) above. **(9 Marks)**

(Total 15 Marks)

QUESTION 4

- a. Explain briefly, with **TWO** examples each, the difference between verbal and non-verbal communication. **(5 Marks)**
- b. State **THREE** advantages and **TWO** disadvantages of verbal communication. **(5 Marks)**
- c. State **THREE** advantages and **TWO** disadvantages of non-verbal communication. **(5 Marks)**

(Total 15 Marks)

SOLUTIONS

MULTIPLE-CHOICE QUESTIONS

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

EXAMINER'S COMMENTS

This section is compulsory for all candidates. About 75% of the candidates scored 50% and above of the allocated marks. Their performance can be better in future examinations if they pay more attention to the terms and concepts peculiar to the subject.

SHORT ANSWER QUESTIONS

1. Visual
2. Body
3. Word classes
4. Proper
5. Personification
6. Oxymoron
7. Alliteration
8. Abbreviation/Acronyms
9. Fore-part
10. Hyphen
11. Sales report
12. Active, Passive
13. Barrier
14. Writing
15. Speed
16. Upward
17. Grapevine
18. On
19. Noise
20. Nor

EXAMINER'S COMMENTS

This section is compulsory for all candidates. Candidates performance was just average as about 48% of them scored 50% and above of the allotted marks. Candidates need to familiarize themselves thoroughly with the concepts and terminologies used in Communication Skills subject.

SECTION B

COMPREHENSION

- a. The blind people/Blind people: mobility and orientation/Categories of blind people/Groups of blind people.
- b.
 - i. Blind people who are willing to learn mobility and orientation skills but have no one to teach them.
 - ii. Those who completely depend on sighted guides.
 - ii. Those that have made themselves prisoners in their homes or have been made so by circumstances.
 - iv. Those that have passed through mobility training.
- c. The responsibility of the blind head of the family is that they go about begging for alms for the upkeep of the family.
- d. The factor the mobility instructor should bear in mind is the importance of individual difference.
- e. They do not want to be viewed as blind people.
- f.
 - i. Relative clause
 - ii. It qualifies the word "person"
- g.
 - i. They move about with confidence
 - ii. They move about with some degree of safety.
 - iii. They are able to adjust to their blind condition
 - iv. They easily find jobs.
 - v. They get along better with their employers as well as co-workers.
- h. They stumble and fall repeatedly
- i. The two skills are mobility and orientation
- j.
 - i. admiration - liking, sympathy, pity, respect
 - ii. Venture - move, go, step
 - iii. Completely - totally, entirely, wholly
 - iv. Unusual - uncommon, strange
 - v. responsibility - duty, obligation, job

EXAMINER'S COMMENTS

This section is compulsory for all candidates. The questions are designed to test candidates' understanding of reading for meaning, mechanics of and vocabulary in English Language.

The performance of the candidates was good as about 65% of them scored 50% and above of the allocated marks.

Candidates' shortcomings included:

- inability to read and understand the content of the given passage;
- lack of the technique of answering comprehension questions;
- shallow knowledge of vocabulary.

For a better performance in future examinations, candidates should learn:

- the art of reading for meaning of the content of given passages;
- the techniques of answering comprehension questions;
- the various vocabularies in English Language.

In addition, they should make use of ICAN's study pack, question papers and solutions.

SECTION C ESSAY

SOLUTION 1

AN ANONYMOUS REPORT

It is no longer news that this great company has been defrauded to the tune of 100 million naira by some officers of the company. An investigative panel was set up by the company's CEO and a report has been submitted. I had the privilege of reading the report; I feel bad that the truth of the matter has been concealed by the members of the panel.

The panel was headed by the Chief Accountant, who happens to be the lead perpetrator in the fraud. This would not be known to many as he has the Senior Accountant as his cover. Everyone believed that the Senior Accountant committed the crime. I make bold to report here that the deed was done by the Chief Accountant of the company.

The truth of the matter

The company had advertised the need to get certain equipment and furniture for the residences of the principal officers of the company. The company received many applications and eventually awarded the contract to Badex Company Nigeria Limited who happened to have the “most reasonable” quotation according to the Tenders Board that considered the applications. Unknown to many members on the Board, the Chairman of Badex Company was the Chief Accountant of our company. He had someone fronting for him. During the interview session, the Chief Accountant influenced the Board’s decision and they opted for Badex Company.

Upon accepting to execute the project, the Badex Company requested to meet with the Chief Accountant. At this meeting, the Chief Accountant told the team to inflate the quotations. He invited the Senior Accountant to represent our company on the team in order to get the best deal from the company. Unfortunately, the Senior Accountant agreed to work with the contractors, not knowing that the Chief Accountant owned the company. At the first meeting, the Senior Accountant observed that the approved amount for the contract had been inflated. He went to inform the Chief Accountant who promised looking into it. The following week, a sum of two million was paid into the Senior Accountant’s personal account. The Senior Accountant was surprised and tried rejecting the offer. The Chief Accountant promised killing him if he did not play ball. This was the beginning of the fraud.

Our company’s financial regulations allow a contractor to be paid one quarter of the bill in advance. This was influenced by the Chief Accountant, again, as Badex Company was paid half of their quotation. When asked why this happened, the Senior Accountant explained that the Chief Accountant ordered it. The Chief Accountant refuted this allegation. Badex Company had promised to deliver the goods in a month; however, six months running, only one residence was completed. Despite not living up to expectations, Badex Company received all the money required.

Seven months after, Badex requested for an upward review of the contract due to inflation and banking policies in the country. This request was not considered at the management level. The Chief Accountant just decided to pay the contractors. The Senior Accountant was blamed at this point that he should have complained to the management of our company. He could not since he had been bribed. Every visit made by the contractors attracted something for the Senior Accountant.

When the fraud was uncovered by the external auditors, the Senior Accountant was suspended because he was the one signing the cheques as requested by the Chief Accountant. Unfortunately, when a panel was constituted, the Chief Accountant made sure that he was appointed the chair of the panel.

During the investigation, the panel found out that the fraud was perpetrated by the Chief Accountant but they did not want to disgrace him. As a way of greasing their

palms, the Chief Accountant promised each member a sum of one million if they could cover up for him. He agreed to give another one million to the Senior Accountant, in case he is asked to go on suspension. He even promised employing him in his private company. With all these juicy offers, almost all the members of the panel agreed to put the blame on the Senior Accountant.

I hereby recommend that another investigation panel be constituted to revisit this matter as the existing one has been compromised.

EXAMINER'S COMMENTS

This question is to test candidates' knowledge of report writing – in this instance, an anonymous report. About 15% of the candidates attempted the question and the performance was just average as about 45% of them scored 50% and above of the allocated marks.

The candidates' shortcomings were:

- poor use of language;
- inability to understand the format of an anonymous report.

In order to have better performance in subsequent examinations, candidates should study closely 'Report Writing' in the study pack, make use of ICAN's question papers and solutions.

SOLUTION 2

- a.
 - i. Interview
 - ii. Meetings
 - iii. Telephone conversation
- b.
 - i. **Interview:** An interview is a face-to-face conversation which endeavors to discover as much information as possible about something in a short time. Interviews are used for a variety of purposes in business such as staff recruitment, disciplinary action and many other matters concerned with management/staff relations. The term 'interview' may be defined as any two-way conversation where one of the participants has some authority over the other. The elements of an interview include proper planning, conducting interview according to plan, assessment and decision.
 - ii. **Meetings:** A meeting is the gathering together of two or more people in order to discuss matters of common interest or concern so as to arrive at a decision or promulgate a policy. There are various types or kinds of meeting which may include the meeting to inform, the

meeting to persuade, the consultative meeting and the enquiring meeting.

- iii. **Telephone conversation:** The telephone is one of the most common methods of oral communication. This allows people of great distances apart to communicate as if they were speaking face-to-face. This encourages feedback and clarification of issues. The digital age has advanced on the telephone to make tele-conferences possible.

EXAMINER'S COMMENTS

This question is to test candidates' knowledge of the forms of oral communication. About 60% of the candidates attempted this question. Their performance was just average as 55% of them scored 50% and above of the marks allocated. Some of the candidates were discussing 'categories' and not 'forms' of oral communication.

Candidates should familiarize themselves with 'Media of Communication' in the study pack, make use of ICAN's past questions and solutions for improved performance in future examinations.

SOLUTION 3

- a. The four methods of speech delivery are:
 - i. Impromptu
 - ii. Extemporaneous
 - iii. Speaking from memory
 - iv. Speaking from manuscript

- b.
 - i. **Impromptu** speech: This is a speech a speaker does not prepare for due to lack of information that he/she will be speaking. It is the presentation of a short message without advance preparation. It is generally most successful when it is brief, concise and its focus is on a single subject. Its focus is on a single subject. An impromptu speech occurs when someone is asked to 'say a few words' or give a toast on a special occasion.

 - ii. **Extemporaneous Speech:** This is the presentation of a carefully planned and rehearsed speech, spoken in a conversational manner using brief notes. By using notes rather than a full manuscript, the extemporaneous speaker can establish and maintain eye contact with the audience and assess how well they understand the speech as it progresses. This kind of speech can be used in lecturing, workshops or seminars.

- iii. **Speaking from Memory:** Memorized speaking is the memorisation or recitation of a written message that the speaker has committed to memory. Speech memorization can be useful when the message needs to be exact and the speaker doesn't want to be confined by note. One major disadvantage of this method is that memory may fail. This method is what actors use whenever they perform from a script in a stage play or movie.
- iv. **Speaking from a Manuscript:** Most speakers who have been given prior knowledge of a speech will rather prepare a manuscript they will speak from. Speaking from manuscript is the word-for-word iteration of a written message. In a manuscript speech, the speaker maintains his or her attention on the printed page or the visual aids already prepared for the speech. A speech by a government official is an example of this kind of speech.

EXAMINER'S COMMENTS

This question is to test candidates' knowledge of the various methods of speech delivery. About 70% of the candidates attempted this question. Their performance was below average as only 45% of them scored 50% and above of the marks allocated.

Many candidates were unable to list the four methods of speech delivery as required and subsequently, they were not able to discuss the correct methods in the second part of the question. Candidates should endeavour to study the content in the chapter on 'Speech Making' in the study pack, make use of ICAN's past questions and solutions in order to improve their performance in subsequent attempts.

SOLUTION 4

- i. **Verbal Communication:**

Verbal communication is communication that involves the use of speech in delivering messages, while non-verbal communication is the use of visual cues in sending messages.

Verbal communication is used at meetings, lectures, workshops, conferences, interviews and telephony.

Examples of non-verbal communication include facial expression, gesture, proxemics and paralinguistic.

Advantages of verbal communication

- i. High level of understanding and transparency.
- ii. No element of rigidity, it is flexible.
- iii. Feedback is immediate and instantaneous.
- iv. It is time-saving and money saving.
- v. Conflicts and disputes are easily resolved.
- vi. It encourages group or team work.

Disadvantages of verbal communication

- i. It may not be suitable where money and figures are involved in business.
- ii. It could be denied since information cannot be documented.
- iii. It may be unproductive at times, because it takes too much time.
- iv. It is unpredictable because it is not easy to maintain.

Advantages of non-verbal communication

- i. It helps communicator to overcome language barriers.
- ii. It makes it possible for information to be conveyed to many audiences.
- iii. It is more reliable than verbal communication because it is transmitted unconsciously.
- iv. It is always associated with oral or written communication, hence it is always present.
- v. Little space can be used to compress much information
- vi. Information can sometimes be easily coded for confidentiality.

Disadvantages of non-verbal communication

- i. At times it may be difficult to interpret if not reinforced with written or spoken word.
- ii. It may require additional skills of comprehension and interpretation.
- iii. It does not allow time for evaluation.
- iv. Loss of password can create difficulty in retrieving record.

EXAMINER'S COMMENTS

This question is to test candidates' understanding of the difference between verbal and non-verbal communication and their advantages and disadvantages.

About 75% of the candidates attempted the question. The performance was good as about 60% of the candidates scored 50% and above of the allotted marks.

Candidates' performance could be better if they study more closely the content of the chapter on 'Media of Communication' in the study pack, make use of ICAN's past questions and solutions.