

THE ASSOCIATION OF ACCOUNTANCY BODIES IN WEST AFRICA



**ACCOUNTING TECHNICIANS SCHEME, WEST AFRICA
SEPTEMBER 2021 EXAMINATIONS (PART 1)**

BASIC ACCOUNTING PROCESSES AND SYSTEMS

PLEASE READ THESE INSTRUCTIONS BEFORE COMMENCEMENT OF 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, 28 SEPTEMBER 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 – SEPTEMBER 2021
BASIC ACCOUNTING PROCESSES & SYSTEMS**

Time Allowed: 3 hours

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

ATTEMPT ALL QUESTIONS IN THIS SECTION

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

1. The branch of accounting that involves the accumulation of data to provide information for managerial action is
 - A. Financial accounting
 - B. Performance management
 - C. Financial management
 - D. Forensic accounting
 - E. Cost accounting

2. Which of the following is an example of fundamental quality of accounting information
 - A. Relevance
 - B. Comparability
 - C. Understandability
 - D. Timeliness
 - E. Verifiability

3. The body that is responsible for setting International Financial Reporting Standards (IFRS) is
 - A. International Accounting Standards Committee (IASC)
 - B. International Accounting Standards Board (IASB)
 - C. Financial Reporting Council of Nigeria (FRCN)
 - D. Institute of Chartered Accountants of Nigeria (ICAN)
 - E. American Institute of Public Certified Accountants (AICPA)

4. In the absence of partnership deed, partners are expected to abide by the following rules in line with Partnership Act 1890, **EXCEPT**
- A. Share profits and losses equally
 - B. Receive 5% interest on capital account
 - C. Receive no salary for being an active partner.
 - D. Collect no interest on current account.
 - E. Receive 5% interest on loan granted the business
5. Which of the following is **NOT** an example of company's statutory books
- A. Register of members
 - B. Minute books
 - C. Register of contractors
 - D. Accounting records
 - E. Directors' service contracts
6. The unit of capital in a company is represented by which of the following?
- A. Owners equity
 - B. Capital
 - C. Income
 - D. Assets
 - E. Share
7. The accounting concept that directly defines the profit or loss statement is
- A. Consistency
 - B. Matching
 - C. Prudence
 - D. Materiality
 - E. Periodicity
8. Another name for prudence concept is
- A. Accrual
 - B. Historical cost
 - C. Duality
 - D. Materiality
 - E. Conservatism

- 9 Accounting concept that assumes incomes should be recognized when they are and should be recorded as incurred is
- Accrual
 - Historical cost
 - Duality
 - Entity
 - Conservatism
- 10 Which of the followings is an example of intangible asset
- Furniture and fittings
 - Fixtures and fittings
 - Franchise
 - Freehold property
 - Motor vehicle
- 11 Which of the following accounting equations is **NOT** correct
- Assets = Equity
 - Assets = Liabilities + Equity
 - Equity = Assets – Liabilities
 - Assets = Equity – Liabilities
 - Liabilities = Assets - Equities
- 12 What effect would payment on account to a supplier of inventory from the business bank account have on assets, liabilities and equity respectively?
- | | Assets | Liability | Equity |
|----|---------------|------------------|---------------|
| A. | Decrease | Decrease | No effect |
| B. | Increase | No effect | Increase |
| C. | Decrease | Increase | No effect |
| D. | No effect | Decrease | Decrease |
| E. | Decrease | No effect | Decrease |
- 13 A formal statement of intention made by a potential supplier to supply the goods or services required by a purchaser at specified prices and period of time is
- Pro forma invoice
 - Sales invoice
 - Quotation
 - Purchase invoice
 - Purchase bills

- 14 Document relating to goods returned by the buyer or refunds to him when the buyer has been overcharged is
- Credit note
 - Del crede note
 - Purchase note
 - Debit note
 - Return note
- 15 Which of the following is **NOT** an example of main source documents that are used for recording in the books of original entry?
- Credit note
 - Return note
 - Remittance advice
 - Debit note
 - Cheque counterfoils
- 16 An allowance given to a trader that bought in large quantity is
- Discount allowed
 - Discount received
 - Cash discount
 - Sales discount
 - Trade discount
- 17 Niyi Adegunle bought motor vehicle worth GH¢5,000,000 on credit from Douglas Achumburg. This transaction will be reflected in the account as follows:
- Dr. Adegunle GH¢5,000,000 Cr. Achumburg GH ¢5,000,000
 - Dr. Motor vehicle GH¢5,000,000 Cr. Adegunle GH ¢5,000,000
 - Dr. Achumburg GH¢5,000,000 Cr. Adegunle GH ¢5,000,000
 - Dr. Motor vehicle GH¢5,000,000 Cr. Achumburg GH ¢5,000,000
 - Dr. Adegunle GH¢5,000,000 Cr. Motor vehicle GH ¢5,000,000
18. The following transactions pass through the normal subsidiary books rather than being journalised, **EXCEPT**
- Johnie paid ₦200,000 cash into the bank account
 - Abib bought computer equipment worth ₦250,000 on credit from Dosumu
 - Bala received ₦25,000 invoice for carriage of goods from Kofi
 - Gbada bought goods worth ₦230,000 from Nana & Company
 - Ade deposited ₦250,000 cash in the business Account as a start-up fund

Use the information below to answer Questions 19 to 21

The payslip of Kofi Mustapha for the month of April 2020 revealed the following:

Basic Salary	GH¢250,000
Income Tax	12.5% of basic salary

Social Security Contribution:

Employer:	15% of basic salary
Employee:	7.5% of basic salary
CTTS deductions	GH¢50,000 per month
Medical bill for April	GH¢15,000
Professional allowance:	GH¢35,000 per month

19. What was the total deduction from Kofi Mustapha's basic pay in April 2020?
- A. GH¢115,000
 - B. GH¢133,750
 - C. GH¢150,000
 - D. GH¢152,500
 - E. GH¢155,000
20. The total amount of social security contributions to the credit of Kofi Mustapha for April 2020 was
- A. GH¢18,750
 - B. GH¢37,500
 - C. GH¢52,500
 - D. GH¢56,250
 - E. GH¢59,000
21. What was the net salary paid to Kofi Mustapha for April 2020?
- A. GH¢100,000
 - B. GH¢132,500
 - C. GH¢135,000
 - D. GH¢150,000
 - E. GH¢170,000
22. Which of the following is **NOT** an established control over cash transaction to be enforced by the management of an entity
- A. Cash should be kept in the till all the time
 - B. All payments, except for petty cash transactions, are to be made by cheques
 - C. There should be internal check between receipt and payment of cash

- D. All transactions are to be checked and approved by authorised officers before payments are made
- E. Carbonised receipts should be issued for all cash sales and cash received

23 Which of the following is an example of capital expenditure?

- A. Cost of repairing non-current assets
- B. Cost incurred in acquiring trading inventories
- C. Expenses in connection with rent and insurance of office building
- D. Legal charges on acquired land or buildings
- E. Directors' remuneration and fees

24 Several factors contribute to depreciation of non-current assets, where depreciation is due to wear and tear, such could be classified as

- A. Physical deterioration
- B. Obsolescence
- C. Inadequacy
- D. Depletion
- E. Time factor

25 From the following information, calculate the cash paid to the supplier during the year.

Payable at the beginning of the year	GH¢250,000
Payable at close of the year	GH¢400,000
Credit purchases for the year	GH¢510,000

- A. GH¢340,000
- B. GH¢360,000
- C. GH¢380,000
- D. GH¢520,000
- E. GH¢660,000

26 The relevant accounting standard on inventory account is

- A. IAS 1
- B. IAS 2
- C. IAS 16
- D. IFRS 1
- E. IFRS 2

Use the data below to answer Questions 27 and 28

Charles Barber Limited has the following information at 31/12/2019

	₦
Cost of raw materials	7,650,000
Manufacturing overheads	2,980,000
Productive wages	3,750,000
Work in progress 1/1/2019	1,200,000
Work in progress 31/12/2019	1,900,000
Payment of royalties	1,650,000
Closing inventories of finished goods	2,000,000
Manufactured goods transferred to Sales Dept at cost plus 20%	

27. The prime cost is
- A. ₦ 7,650,000
 - B. ₦11,400,000
 - C. ₦13,050,000
 - D. ₦16,030,000
 - E. ₦18,030,000
28. The transfer value is
- A. ₦13,050,000
 - B. ₦15,330,000
 - C. ₦15,960,000
 - D. ₦16,030,000
 - E. ₦18,396,000
29. Which of the following is **NOT** true about the accounts of clubs and societies?
- A. A deficit on income and expenditure account reduces accumulated fund
 - B. Income and expenditure account does not contain capital receipts and expenditure.
 - C. The excess of total assets over total liabilities represents Accumulated fund
 - D. The closing balance of receipt and payments account is transferred to income and expenditure account.
 - E. A surplus on Income and Expenditure Account increases accumulated fund

30. Factors to consider when deciding on which package to use or buy, **EXCLUDE**
- A. Cost
 - B. Flexibility
 - C. Types of processing
 - D. Timing of processing
 - E. Location of computer centre

SECTION A: PART TWO SHORT-ANSWER QUESTIONS

(20 MARKS)

ANSWER ALL QUESTIONS

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

1. The 'true and fair view' of the financial statement of an entity is to be reported by the.
2. A company that restrict the transfers of shares of its owner is known as
3. The type of preference shares that entitles the holders to share in any remaining profits after both preference shareholders and ordinary shareholders have received specified dividends is regarded as.....
4. The following organisations: religious, charitable, social entities and clubs are regarded as..... for the purpose of accounting
5. The accounting principle that recognises income as earned and expenses as incurred is called.....
6. Accounts can be grouped under three main headings of personal, real and
7. An error within the same class of account but affecting different persons is regarded as.....
8. Information stored in a computer-based accounting system which can be arranged into any desired format is called.....
9. Dishonoured cheque/bill is to be found on which side of receivable ledger account?
10. Petty cash account is usually operated on a(an).....system.
11. When a cheque is made payable only to the person named on it, it is said to be
12. A cash dispenser which is designed to enable customers enjoy banking services without coming in contact with the Bank Teller (Cashier) is
13. The payment plan that combines the time and piece rate systems is regarded as.....

14. Any cost with earning potential exhausted within one accounting period is classified as
15. An account in which the net difference in Trial Balance totals is recorded pending the location and correction of the errors causing the difference is called.....
16. The addition of opening inventory and purchases of goods in a year results in
17. The main sources of application software are: computer bureau, computer manufacturers and.....
18. The process of locating and eliminating errors from a program is known as.....
19. Where a customer has instructed his bank to make regular amounts of money at given dates to some other third parties, such instruction is regarded as a(an).....

Details of subscriptions account of Igbalode Youth Club are as follows:

	2019	2018
	L\$	L\$
Cash received from members during the year	643,650	
Subscriptions in arrears	360,000	240,000
Subscriptions in advance	210,000	150,000

20. How much subscription is transferrable to the Income Statement in 2019?

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

QUESTION 1

Gastos Plastic Moulding Limited presented the following information for the year ended 31 December, 2019:

	GH¢ '000
Purchase of Raw Materials	360,000
Carriage inwards	24,000
Manufacturing wages	180,000
Depreciation of Plant	50,000
Inventory at January 1 2019:	
Raw Materials	100,000
Work in progress	150,000
Finished products	80,000
Return outwards	25,000
Office salary	12,500
Insurance expenses – office	10,000
Factory expenses	25,000
Royalty paid	52,000
Depreciation – Office Equipment	12,500
Factory Fuel and Electricity	10,500
Revenue	950,000

The following additional information are also relevant:

- (i) It is the policy of the company to transfer the finished product to the marketing section at cost plus 15%;
- (ii) Inventory at 31 December, 2019:

Raw Material	125,000
Work in progress	140,000
Finished products	100,000

You are required to prepare:

- i. Statement of manufacturing account (9 Marks)
- ii. Statement of profit or loss for the year ended 31 December, 2019 (3½ Marks)
(Total 12½ Marks)

QUESTION 2

- a. The preparation of a Trial Balance does not prove that transactions have been completely and correctly recorded in the proper accounts. There are errors that do not affect the agreement of the Trial Balance.

List and explain **FOUR** of such errors that may not be revealed by the Trial Balance
(4 Marks)

- b. After extracting the Trial Balance of Gbengus Enterprises on 31 December, 2019, It was discovered that the debit side was higher than the credit side by ~~₦~~9,270. A review of the ledger revealed the following errors:

- (1) A sum of ~~₦~~1,080 on a receivables' account was omitted from the balance of Trade Receivables.
- (2) A computer top bought for ~~₦~~8,640 had been debited to repairs.
- (3) The payments side of the cash account had been undercast by ~~₦~~5,850
- (4) The total of one page of the sales day book had been carried forward as ~~₦~~19,386, instead of the correct amount of ~~₦~~22,626.
- (5) A debit note of ~~₦~~1,890 received from a customer had been posted to the wrong side of his account.
- (6) Mr. Lucky whose debts of ~~₦~~4,680 to the business had been written off, paid during the year. His personal account was credited but no corresponding entry was made.

You are required to:

- i. Prepare the journal entries to correct the errors (6 Marks)
 - ii. Write up the Suspense account (2½ Marks)
- (Total 12½ Marks)**

QUESTION 3

- a. Explain the following source documents:
- i. Payment vouchers (2 Marks)
 - ii. Quotation (2 Marks)
 - iii. Delivery note (2 Marks)
- b. An expenditure can be classified into capital or revenue expenditure. State **TWO** distinctive differences between capital and revenue expenditure (2 Marks)
- c. Kofi Mensah, a cocoa merchant in Accra, presents the following information for the month of April, 2020:

	GH¢ '000
Bought a motor vehicle to transport produce to the market	5,000
Renovated the warehouse to pave way for new produce	2,000
Procured more produce into the warehouse	3,500
Acquired additional warehouse	6,700
Legal and agreement fees on the warehouse acquired	1,000
Repair and maintenance of motor vehicle	500
Salaries and wages for the month	1,000
Paid insurance premium on motor vehicle	200
Bought computer equipment for office use	750

You are required to:

- Classify the expenditures into capital and revenue (4½ Marks)
(Total 12½ Marks)

QUESTION 4

- a. Depreciation can be regarded as loss in value of assets with several methods of calculation in line with IAS 16.
Briefly explain the following methods of calculating depreciation:
- i. Straight line method (2 Marks)
 - ii. Reducing balance method (2 Marks)
 - iii. Sum of the year digit method (2 Marks)
- b. On January 1, 2016 Achim bong Limited purchased a motor vehicle for GH¢3,750,000. The motor vehicle has a useful life of five years with a salvage value of GH¢200,000.

You are required to calculate:

The depreciation charge, accumulated depreciation for each of the years and show the net book value as at the end of 2020 accounting period in a tabular form using:

- i. The straight-line method (3 Marks)
- ii. Sum of the year digits method (3½ Marks)

(Total 12½ Marks)

QUESTION 5

- a. Accounting has been described as a language of business and for every language there exist underlying concepts and principles to guide the users.

Explain briefly the concept of “Substance over form”. (1½ Marks)

- b. The table below shows the data relating to three employees of Itakoto Nigeria Limited for the month of December, 2019:

Name of employee	Standard Hour Expected	Actual Hour worked	Rate per hour (₦)
Abimbola	400	425	20,000
Tonade	500	490	25,000
Hadiza	275	250	30,000

Included in the conditions of service of Itakoto Limited for the above named members of staff are the following:

- (i) Rent allowance of 15% of the basic salary
- (ii) Risk allowance equal to 17.5% of the basic salary
- (iii) Social security contributions (employers 15%; employees 7.5%) and
- (iv) Personal income tax liability at the rate of 12.5%.

You are required to prepare Payroll work sheet, showing the basic pay, deductions and net salary of the staff under Rowan incentive plan of remuneration.

(11 Marks)

(Total 12½ Marks)

QUESTION 6

- a. The manner in which accounting data is recorded in a manual based accounting system is different from how it is recorded in the computer based system.

List **TWO** different ways accounting systems are recorded in computer based system relative to manual recording. (4 Marks)

- b. The following information was extracted from the book of a sole trader as at 31 December, 2019:

-	Balance per Bank statement	₦50,000 credit
-	Cash book balance (bank column)	₦37,000 credit
-	The following entries appear in the bank statement not in cash book	
	Bank charges	₦5,000
	Bank loan interest	₦2,500
	Income on investment	₦7,500
	Dividend from shares	₦9,000

In addition, a cheque for ₦25,000 issued in favour of a supplier, Majekobaje Enterprises, was dishonoured for insufficiency of funds. Another cheque for ₦15,000 issued to Jamali Limited was unpresented. A cheque for ₦7,000 from Damingo Plc was not credited.

You are required to:

- i. Prepare the Adjusted Cash Book (4½ Marks)
- ii. Bank Reconciliation Statement (4 Marks)

(Total 12½ Marks)

SECTION A

PART 1

MULTIPLE- CHOICE QUESTIONS

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

- 26 B
- 27 C
- 28 E
- 29 D
- 30 E

Workings

Question 19: TOTAL DEDUCTIONS FROM KOFFI MUSTAPHA'S PAY

	GH¢
Income tax ($\text{GHc}250,000 \times 12.5\%$)	31,250
Social security ($\text{GHc}250,000 \times 7.5\%$)	18,750
CITS deductions	50,000
Medical bill	<u>15,000</u>
Total deductions	<u>115,000</u>

Question 20: SOCIAL SECURITY CONTRIBUTION OF MUSTAPHA IN APRIL

	GH¢
Social security – Employer ($\text{GHc}250,000 \times 15\%$)	37,500
Social security – Employee ($\text{GHc}250,000 \times 7.5\%$)	<u>18,750</u>
Social security contributions balance	<u>56,250</u>

Question 21: NET SALARY PAY TO KOFFI MUSTAPHA IN APRIL.

	GH¢
Basic salary	250,000
Professional allowance	<u>35,000</u>
GROSS PAY	285,000
Total deductions	<u>(115,000)</u>
Net pay	<u>170,000</u>

Question 25: CALCULATION OF PAYMENT MADE TO SUPPLIERS

Trade payables control a/c

	GH¢'000		GH¢ '000
Payments during the year (Diff.)	360	Bal b/f	250
Bal c/d	<u>400</u>	credit purchases	<u>510</u>
	<u>760</u>		<u>760</u>

Question 27: PRIME COST

	N'000
Cost of raw materials	7,650
Productive wages	3,750
Royalties	<u>1,650</u>
PRIME COST OF PRODUCTION	<u>13,050</u>

Question 28: TRANSFER VALUE OF FINISHED GOODS

	N'000	N'000
Prime cost of production		13,050
Manufacturing overheads		2,980
Opening work in progress	1,200	
Closing work in progress	<u>(1,900)</u>	
Change in work in progress		(700)
Cost of production		15,330
Manufacturing profit @ 20%		<u>3,066</u>
MARKET VALUE OF MANUFACTURING GOODS		<u>18,396</u>

EXAMINER'S COMMENTS

The questions test various areas of the examination syllabus. As a compulsory question, all the students attempted it. Their performance was average and the major pitfall was due to their poor preparation for the examination. Candidates are advised to prepare well for the future examinations.

PART II SHORT- ANSWER SOLUTION

- 1 External Auditor/Auditor.
- 2 Private Company/Private limited Liability Company.
- 3 Participatory Preference shares.
- 4 Not – For – Profit Organization.
- 5 Accrual.
- 6 Nominal.
- 7 Error of Commission/Commission.
- 8 Data base.
- 9 Debit/Debit side.
- 10 Imprest.
- 11 Order/Order Cheque.
- 12 Automated Teller Machine/ATM.
- 13 Halsey Premium bonus/plan.
- 14 Revenue Expenditure.
- 15 Suspense Account.
- 16 Cost of Goods Available for Sale.
- 17 Specialist Software House.
- 18 Debugging.
- 19 Standing Order.
- 20 L\$703,650.

Workings

Question 20: Subscriptions a/c

	L\$		L\$
Arrears b/f	240,000	Advance b/f	150,000
Income & expenditure a/c (Dif.)	703.650	Receipt during the year	643.650
Advance c/d	<u>210,000</u>	Arrears c/d	360,000
	<u>1,153,650</u>		<u>1,153,650</u>
Bal b/d	360,000	Bal b/d	360,000

EXAMINER'S COMMENTS

The question tests various aspect of the syllabus. All the candidates attempted the questions and their performances were average. Candidates' major pitfall was poor preparation for the examination. They are advised to prepare well for the future examinations.

SECTION B**SOLUTION 1****Gastos Plastic Moulding Limited****(i) Statement of Manufacturing for the year ended 31 December, 2019**

	GH¢'000	GH¢'000
Direct Material Consumed:		
Opening Inventory		100,000
Purchases	360,000	
Add Carriage inwards	<u>24,000</u>	
	384,000	
Less Return outwards	<u>25,000</u>	
Net Raw Material Purchased		<u>359,000</u>
Direct Material available for consumption		459,000
Less Closing Inventory		<u>125,000</u>
Direct Material Consumed		334,000
Manufacturing Wages		180,000
Royalty paid		<u>52,000</u>
Prime cost of production		566,000
Factory Overhead:		
Depreciation of Plant	50,000	
Factory Expenses	25,000	
Fuel and Electricity	<u>10,500</u>	<u>85,500</u>
		651,500
Add: Work in progress at start	150,000	
Less: Work in progress at close	<u>140,000</u>	<u>10,000</u>
Cost of production		661,500

Gross Profit on Production (15%) c/d	<u>99,225</u>
Market value of good completed c/d	<u>760,725</u>

(ii) Statement of Profit or Loss for the year ended 31 December, 2019

Revenue		950,000
Less Cost of Sale:		
Opening Inventory of Finished Goods	80,000	
Market value of good produced b/d	<u>760,725</u>	
	840,725	
Less Closing inventory of finished goods	<u>100,000</u>	<u>740,725</u>
Gross Profit on trading		209,275
Gross Profit on Production b/d		<u>99,225</u>
		308,500
Less Operating Expenses:		
Office Salary	12,500	
Insurance	10,000	
Depreciation – Office Equipment	<u>12,500</u>	<u>35,000</u>
Net Profit		<u>273,500</u>

EXAMINER'S COMMENTS

The question tests candidate's knowledge on the preparation of simple statements of manufacturing and profit or loss. About 80% attempted the question and their performance was above average. Candidates' major pitfall was their poor preparation for the examination. Candidates are advised to always prepare adequately before sitting for future examinations

SOLUTION 2

a) The following errors may not be revealed by the trial balance:

- i) **ERROR OF OMISSION:** This is the case where a transaction had been completely omitted in the books, that is, both the debit entry and the corresponding credit entry had been completely omitted. For example, a cash sales of N20,000 was not posted at all in the book.
- ii) **ERROR OF PRINCIPLE:** This is the case where a transaction was recorded in a wrong class of account, for example, purchase of motor vehicle by cash for N800,000 was debited to purchases account. In this case, motor vehicle account should have been debited, instead of purchases account. Both the motor vehicle account and purchases account do not belong to the same class of account, while purchases account is part of the nominal account, motor vehicle account is part of the real account.
- iii) **ERROR OF COMMISSION:** This is the case where a transaction was recorded in a wrong account, which is of the same class with the correct account, for example, purchase of goods on credit from Tolu for N800,000 was credited to Olu account. In this case, Tolu account should have been credited, instead of Olu account. However, both Tolu account and Olu account belong to the same class of personal account (trade payables)
- iv) **ERROR OF ORIGINAL ENTRY:** This error is committed where a transaction is incorrectly recorded in a source document or book of original entry and the incorrect amount is eventually posted to the relevant account in the ledger. This type of error will not have any effect on the agreement of the trial balance. For example, if goods invoiced at N60,000 to Tayo was incorrectly recorded in the sales day book as N6,000 and the same amount of N6,000 was debited to Tayo account, then such an error will not be disclosed by the trial balance.
- v) **COMPENSATING ERROR:** This is an error made in the ledger, which is exactly by sheer coincidence, balanced by another error elsewhere in the ledger. More than one error may at times be made and yet the sum totals exactly equal another single error somewhere else in the ledger. The effect may involve any of the followings:

Where there is an overstatement of an item in one account and an equivalent amount understated in another account, for example, the sales account was overstated by N20,000, while the rent received account was understated by N20,000. In this case, both the sales account and rent received account are on the

credit side of the trial balance, hence, the indicated error will naturally cancel out on the trial balance. Where there is an overstatement of an item in one account having debit balance on the trial balance and an equivalent amount also overstated in another account having credit balance on the trial balance and vice versa. For example, the sales account was overstated by N20,000, while the purchases account was also overstated by N20,000. In this case, the sales account having a credit balance and purchases account, having a debit balance, are both overstated by the same amount, hence, the indicated error will naturally cancel out on the trial balance.

- vi) **COMPLETE REVERSAL OF ENTRY ERROR:** This is the case, in which, for a transaction, the account that should have been debited, was wrongly credited and the account that should have been credited, was wrongly debited. For example, cash sales of N20,000 has Sales account being debited, while cash account was credited, as the principle of double entry had been observed in the recording of such transaction, the error will not be disclosed by the trial balance.

B (i) GBENGUS ENTERPRISES

CORRECTING JOURNAL ENTRIES FOR THE YEAR ENDED DECEMBER

PARTICULARA	DR N	CR N
Trade receivables control a/c Suspense a/c Being amount on a receivable account but omitted from the balance of trade receivable, now corrected	1,080	1,080
Office equipment a/c Repairs – office equipment a/c Being purchase of computer top, posted to repairs account in error, now reversed	8,640	8,640
Suspense a/c Cash a/c Being payment side of the cash account undercast, now corrected	5,850	5,850

Suspense a/c Sales a/c Being total of one page of the sales day book, carried forward as N19,386, instead of N22,626, now corrected	3,240	3,240
Suspense a/c Trade receivables control a/c Being debit note of N1,890 received from a customer but posted on the wrong side of customer's account, now corrected	3,780	3,780
Cash a/c Suspense a/c By amount received from Mr Lucky, a customer, whose debt was recovered during the year, with the amount received credited to Mr Lucky personal account only, now corrected	4,680	4,680

(b) ii. Suspense a/c

	N		N
Cash	5,850	Bal b/f	9,270
Sales	3,240	Trade receivables control	1,080
Trade receivables control	3,780	Cash	4,680
Bal c/d	<u>2,160</u>		
	<u>15,030</u>		<u>15,030</u>
		Bal b/d	2,160

EXAMINER'S COMMENTS

This question tests candidates' knowledge on types of errors, how such errors could be corrected through the use of journal and to write-off suspense ledger account balance.

About 80% attempted the question and their performance was good. Candidates' major pitfall was their poor understanding of the topic being tested in the question.

Candidates are advised to consult many texts and try to practice many questions before sitting for future examination.

SOLUTION 3

- ai) **PAYMENT VOUCHERS:** Payment voucher is an authorising document for payment for a particular expense or service. In an entity, every payment must be supported by a payment voucher. Examples are payment vouchers for salary and wages, petty cash vouchers, etc. The voucher must be checked and authorised by a responsible or authorising officer before cash can be paid. Payment vouchers for little expenses recorded in the petty cash book is referred to as petty cash voucher.
 - ii. **QUOTATION:** A quotation is a formal statement of intention made by a potential supplier to supply the goods or services required by a purchaser at specified prices and within a specified period. It sometimes also contains terms of sale, payment and warranties. Acceptance of quotation by the buyer leads to issue of sales invoice by the supplier to the buyer which binds both parties.
 - iii. **DELIVERY NOTE:** Delivery note is a document that accompanies the goods dispatched to the customer. Delivery note protects the dispatch driver from harassment on how he comes about the goods and serves as evidence of goods received by the purchaser when it is signed by him.
- b) The differences between capital and revenue expenditure includes:
- i) Differences due to time: Where the benefit that is derived from an item of expenditure is used up or exhausted within one accounting period, then such expenditure is revenue expenditure. However if the benefit derived from an item of expenditure extends to more than one period of account, it should be referred to as capital expenditure.
 - ii) Differences due to type of account: An increase in capital expenditure is added or debited to a non-current asset account, which is finally disclosed in the statement of financial position. All revenue expenditures are charged to the Statement of profit or loss. One needs to be careful not to incorrectly classify capital and revenue expenditure.
 - iii) Impact on organization profit: Revenue expenditure is incurred basically in order to maintain the level of organization profit, while capital expenditure is incurred in order to increase the level of organization's non-current asset base.

- iv) Size of expenditure amount: The amount relating to revenue expenditure is relatively small, unlike capital expenditure, in which the amount involve is usually huge.
- v) Approving authority for expenditure: Revenue expenditure approval may be delegated by the company management, while capital expenditure approval usually involves top management approval.

(c) Classification of expenses into Capital and Revenue Expenditure

Capital Expenditure	GH¢ '000
Bought a motor vehicle to transport produce to the market	5,000
Renovated the warehouse to pave way for new produce	2,000
Acquired additional warehouse	6,700
Legal and agreement fees on the warehouse acquired	1,000
Bought computer equipment for office use	750
Revenue Expenditure	
Procured more produce into the warehouse	3,500
Repair and maintenance of motor vehicle	500
Salaries and wages for the month	1,000
Paid insurance premium on motor vehicle	200

EXAMINER'S COMMENTS

This question tests candidates' knowledge on the meaning of some accounting source documents in part (a) while it tests candidates knowledge on capital and revenue expenditures and how to classify expenses into revenue and capital in both part (b) and (c) of the question.

About 70% of candidates attempted the question and their performance was good. Candidates' major pitfall was their poor preparation for the examination.

Candidates are advised to prepare and practice many questions before sitting for any future examination.

SOLUTION 4

- ai. **Straight Line Method:** The straight line method is the most widely used method of computing depreciation charge for financial statements purposes. Under this method, an equal amount of depreciation is charged in each accounting period over the useful life of the non- current asset. The depreciation amount is computed by dividing the original cost of the non- current asset less estimated residual (salvage) value by the useful life of the asset. A mathematical formula can be deduced as follows:

$$\text{Annual Depreciation} = \frac{(\text{Original Cost of Asset} - \text{Salvage Value})}{\text{Useful Life of Asset}}$$

“OR”

$$\text{Annual Depreciation} = \text{Depreciation Rate} \times \text{Depreciable Value of Asset}$$

$$\text{Depreciation Rate} = (100/\text{Useful Life of Asset})\%$$

$$\text{Depreciable Value of Asset} = (\text{Original Cost of Asset} - \text{Salvage Value})$$

- ii. **Reducing Balance Method:** Under this method of depreciation, the carrying value of a non- current asset at the beginning of the year is multiplied by a fixed percentage to determine the depreciation for the accounting year. This procedure is repeated in subsequent accounting periods so as to reduce the depreciable amount of the non- current asset to its residual value or to zero if it has no residual value.

The depreciation rate is calculated by using the formular:

$$[1 - n\sqrt[n]{(\text{Salvage Value of Asset}/\text{Original Cost of Asset})}] \times 100$$

- iii. **Sum of the Year Digit Method:** In this case, the number of years of the useful life of the non- current asset is allocated, in reverse order, as digits to each year. Annual depreciation is then calculated as the proportion of the cost less scrap value of the asset, which the digits for the year bears to the total digits. The method is similar to the reducing balance method to the extent that the annual depreciation charge falls progressively.

bi. Straight line method

$$\begin{aligned}\text{Annual depreciation} &= \frac{\text{Cost} - \text{Scrap value}}{\text{Number of useful live}} \\ &= \frac{\text{¢3,750,000} - \text{¢200,000}}{5 \text{ years}} \\ &= \underline{\underline{\text{¢710,000}}}\end{aligned}$$

Year	Balance at start GH¢	Depreciation charged GH¢	Accumulated Depreciation GH¢	Balance at end GH¢
2016	3,750,000	710,000	710,000	3,040,000
2017	3,040,000	710,000	1,420,000	2,330,000
2018	2,330,000	710,000	2,130,000	1,620,000
2019	1,620,000	710,000	2,840,000	910,000
2020	910,000	710,000	3,550,000	200,000

(ii) Sum of the year digits method

$$\begin{aligned}\text{Depreciation value} &= \text{Cost} - \text{Salvage value} \\ &= \text{¢3,750,000} - \text{¢200,000} \\ &= \text{¢3,550,000}\end{aligned}$$

Year	Number	Digit	Depreciation	Workings
2016	1	5	1,183,333	$\frac{5}{15} \times \text{¢3,550,000}$
2017	2	4	946,667	$\frac{4}{15} \times \text{¢3,550,000}$
2018	3	3	710,000	$\frac{3}{15} \times \text{¢3,550,000}$
2019	4	2	473,333	$\frac{2}{15} \times \text{¢3,550,000}$
2020	5	1	236,667	$\frac{1}{15} \times \text{¢3,550,000}$

Year	Balance at start GH¢	Depreciation charged GH¢	Accumulated Depreciation GH¢	Balance at end GH¢
2016	3,750,000	1,183,333	1,183,333	2,566,667
2017	2,566,667	946,667	2,130,000	1,620,000
2018	1,620,000	710,000	2,840,000	910,000
2019	910,000	473,333	3,313,333	436,667
2020	436,667	236,667	3,550,000	200,000

EXAMINER'S COMMENTS

The question tests candidates' knowledge on depreciation (IAS16); meaning and methods of computing depreciation and computation of depreciation on non-current asset using straight line and sum of the year digits methods.

About 65% of candidate attempted the question and their performance was poor

Candidates' major pitfall was their poor understanding of the area tested by the question.

Candidates are advised to prepare well for the future examination.

SOLUTION 5

a) Substance over form

Although business transactions are usually governed by legal principles; nevertheless they are accounted for and presented in accordance with their financial substance and reality and not merely by their legal form. In order to have useful information contained in financial statements which must be relevant and reliable. This can only be achieved if the substances of transactions are recorded. If this did not happen the financial statements would not represent faithfully the transactions and other events that had occurred.

Examples are found in sales and re-purchases agreements, lease contracts and consignment of goods.

(b)

Itakoto Nigeria Limited

Payroll work sheet for the month of 31 December, 2019

	Abimbola	Tonade	Hadiza	TOTAL
Standard hours (A)	400	500	275	
Actual hours (B)	425	490	250	
	0	10	25	
	N	N	N	N
Hourly rate ('C)	20,000	25,000	30,000	
Basic salary (B x C)	8,500,000	12,250,000	7,500,000	28,250,000
Bonus (Wk1)		245,000	681,818	926,818
Rent allowance (Wk 2)	1,275,000	1,837,500	1,125,000	4,237,500
Risk allowance (Wk 3)	<u>1,487,500</u>	<u>2,143,750</u>	<u>1,312,500</u>	<u>4,943,750</u>
GROSS PAY (A)	11,262,500	<u>16,476,250</u>	<u>10,619,318</u>	<u>38,358,068</u>
DEDUCTIONS:				
Social security (Wk4)	844,688	1,235,719	796,449	2,876,855
PAYE (Wk 5)	<u>1,407,813</u>	<u>2,059,531</u>	<u>1,327,415</u>	<u>4,794,759</u>
TOTAL DEDUCTIONS (B)	<u>2,252,500</u>	<u>3,295,250</u>	<u>2,123,864</u>	<u>7,671,614</u>
NET PAY (c = A-B)	<u>9,010,000</u>	<u>13,181,000</u>	<u>8,495,454</u>	<u>30,686,454</u>

ITAKOTO NIGERIA LIMITED

WORKING NOTES

Wk 1: Computation of bonus pay

Bonus pay =	$\frac{\text{Time saved}}{\text{Time allowed}} \times \text{Time taken} \times \text{Time rate}$	
Abimbola	Time saved = Nil	
Bonus pay =	$0/400 \times 425 \times \text{N}20,000$	Nil
Tonade	Time saved = 10 hours	
		₦
Bonus pay =	$10/500 \times 490 \times \text{N}25,000$	245,000
Hadiza		
Bonus pay =	$25/275 \times 250 \times \text{N}30,000$	<u>681,818</u>
		<u>926,818</u>

Wk 2: Computation of rent allowance

Wk 2: Computation of rent allowance	Abimbola	Tonade	Hadiza	TOTAL
	N	N	N	N
Basic salary	8,500,000	12,250,000	7,500,000	
Rent allowance @ 15%	<u>1,275,000</u>	<u>1,837,500</u>	<u>1,125,000</u>	<u>4,237,500</u>
Wk 3: Computation of risk allowance	Abimbola	Tonade	Hadiza	TOTAL
	N	N	N	N
Basic salary	8,500,000	12,250,000	7,500,000	
Risk allowance @ 17.5%	<u>1,487,500</u>	<u>2,143,750</u>	<u>1,312,500</u>	<u>4,943,750</u>
Wk 4: Computation of employees social security contributions				
	Abimbola	Tonade	Hadiza	TOTAL
	N	N	N	N
Gross pay	11,262,500	16,476,250	10,619,318	
Social security deductions @ 7.5%	<u>844,688</u>	<u>1,235,719</u>	<u>796,449</u>	<u>2,876,855</u>
Wk 5: comutation of personal income tax deductions				
	Abimbola	Tonade	Hadiza	TOTAL
	N	N	N	N
Gross pay	11,262,500	16,476,250	10,619,318	
Tax deductions @ 12.5%	<u>1,407,813</u>	<u>2,059,531</u>	<u>1,327,415</u>	<u>4,794,759</u>

EXAMINER'S COMMENTS

The question tests candidates knowledge on an accounting concept and principles in part (a) while, it tests knowledge on the preparation of payroll work sheet to show, basic pay, deductions and net salary for three (3) employees of a company.

About 10% of candidates attempted the question and their performance was poor

Candidates' major pitfall was that the requirements of the question were many and the candidates could not comprehend the requirements.

Candidates are advised to consult many texts and practice many questions before sitting for future examinations.

SOLUTION 6

(a) Recording in a computer-based systems

The distinctive features of recording in computer based system relative to manual based systems include:

- (i) Accounting data are not hand written but entered through the keyboard, optical scanner and other input devices.
- (ii) Accounting data are entered In a data base instead of the books of original entry.
- (iii) Therefore data posted to the ledger accounts in a computer-based system come directly from the database and not from the books of original entry.
- (iv) The information required for the preparation of the Trial Balance is already contained in the data base; they are automatically extracted by the computer.

(b) (i) Adjusted Cash Book

	N		N
Income on Investment	7,500	Balance b/d	37,000
Dividend received	9,000	Bank charges	5,000
Dishonoured cheque	25,000	Interest on loan	2,500
Balance c/d	<u>3,000</u>		
	<u>44,500</u>		<u>44,500</u>
		bal b/d	3,000

(ii) Bank Reconciliation Statement at 31 December, 2019

	N
Adjusted Cash Book	(3,000)
Add Unpresented cheque	<u>15,000</u>
	12,000
Less Uncredited lodgement	<u>(7,000)</u>
Balance per Bank Statement	<u>5,000</u>

ALTERNATIVE SOLUTION TO B (ii)

BANK RECONCILIATION STATEMENT AS AT DECEMBER 31, 2019

Balance as per bank statement	50,000
ADD: Uncredited cheque	<u>7,000</u>
	57,000
LESS: Unpresented cheque	<u>(15,000)</u>
BALANCE AS PER ADJUSTED CASH BOOK	<u>42,000</u>

EXAMINER'S COMMENTS

The question tests' candidates' knowledge on distinctions between accounting system in computer and manual bases in part (a) of the question, while part (b) of the question tests their knowledge on preparation of bank reconciliation statement with adjusted cash book.

About 60% of candidates attempted the question and their performance was poor.

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

Candidates are advised to prepare well and practice many questions before sitting for future examinations

THE ASSOCIATION OF ACCOUNTANCY BODIES IN WEST AFRICA**ACCOUNTING TECHNICIANS SCHEME, WEST AFRICA
SEPTEMBER 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, 29 SEPTEMBER, 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 – SEPTEMBER 2021

ECONOMICS

Time Allowed: 3 hours

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

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

1. Which of the following is **NOT** a feature of a capitalist economy?
 - A. Private ownership of properties
 - B. Existence of competition
 - C. Freedom of enterprise
 - D. Consumer sovereignty
 - E. Resource allocation by a central authority

2. Which of the following basic economic concepts **CANNOT** be illustrated with a production possibilities curve?
 - A. Full employment
 - B. Unemployment
 - C. Opportunity cost
 - D. Inflation
 - E. Economic growth

3. If a 6% increase in price results in more than 6% increase in quantity supplied, supply is said to be
 - A. Price elastic
 - B. Unit price elastic
 - C. Perfectly price inelastic
 - D. Perfectly price elastic
 - E. Fairly price inelastic

4. If $Q = \frac{P}{2}(Q_0 + 15)$, what is the quantity supplied (Q_0) at price $P = \text{N}9.00$?
 - A. 33.0
 - B. 12.0
 - C. 3.0
 - D. 1.5
 - E. 15.5

5. One of the assumptions of the marginal utility theory is that, utility is
- A. Psychologically observable
 - B. Cardinally measurable
 - C. Ordinally measurable
 - D. Qualitatively measurable
 - E. Numerically indeterminable
6. Production costs such as rent, depreciation, interest, and insurance are examples of
- A. Marginal costs
 - B. Total cost
 - C. Real costs
 - D. Average costs
 - E. Fixed costs
7. The divorce of ownership from control is a major disadvantage of
- A. Partnership
 - B. Sole proprietorship
 - C. Private limited companies
 - D. Public limited companies
 - E. Cooperative societies
8. Which of the following is obtained from a primary production activity?
- A. Electronic item
 - B. Crude oil
 - C. Machineries
 - D. Furniture item
 - E. Banking service
9. Which of the following is a method of measuring national income?
- A. Marginal efficiency method
 - B. Expenditure method
 - C. Multiplier method
 - D. Accelerator method
 - E. Price index method
10. The indifference curve theory is developed to
- A. Explain the downward sloping demand curve
 - B. Derive the upward sloping supply curve
 - C. Explain circular flow of income
 - D. Confirm linear consumption function
 - E. Prove income consumption line

11. The monopolist power can be controlled by the government through
- A. Labour union
 - B. Price legislation
 - C. Import restriction
 - D. Export promotion
 - E. Price discrimination
12. If the marginal revenue (MR) and marginal cost (MC) functions of a firm are estimated as $2q + 4$ and $3q - 9$ respectively. The quantity that will maximise the firm's profit is
- A. 4
 - B. 5
 - C. 9
 - D. 13
 - E. 20
13. The term for a maximum legal price is
- A. Price ceiling
 - B. Price floor
 - C. Profit-maximising price
 - D. Shut-down price
 - E. Mark-up price
14. If total revenue of a firm is unaffected by a price change, then demand is
- A. Price elastic
 - B. Price inelastic
 - C. Unit price elastic
 - D. Perfectly price elastic
 - E. Perfectly price inelastic
15. In a two-sector economy, if the Marginal Propensity to Consume (MPC) is 0.75, the multiplier is equal to
- A. 5
 - B. 4
 - C. 3
 - D. 2
 - E. 1

16. The Gross National Product (GNP) for a given year expressed in the market prices of some previous year is called
- A. Nominal GNP
 - B. Relative GNP
 - C. Absolute GNP
 - D. Real GNP
 - E. Per capita GNP
17. Which of the following is **NOT** a fundamental function of deposit money banks?
- A. Granting loan and advances
 - B. Providing brokerage services
 - C. Creating demand-deposit money
 - D. Formulating monetary policies
 - E. Accepting deposits of funds
18. Money whose face value is greater than the actual value of the material of which it is made is referred to as
- A. Legal tender
 - B. Quasi money
 - C. Fiat money
 - D. Token money
 - E. Near money
19. The instrument of persuasion that the Central Bank uses to get other financial institutions adopt a pattern of behaviour favourable to effective conduct of the monetary policy is
- A. Selective credit control
 - B. Moral suasion
 - C. Special deposits
 - D. Reserve requirements
 - E. Credit ceiling
20. The principle of taxation which enables the taxpayer to know in advance the exact amount to pay and when to make the payment is referred to as
- A. Convenience
 - B. Certainty
 - C. Equity
 - D. Economy
 - E. Flexibility

21. A tax that takes lower percentage of income as income rises is a/an
- A. Proportional tax
 - B. Regressive tax
 - C. Progressive tax
 - D. Personal income tax
 - E. Indirect tax
22. Credit facility which one country grants to another country can be described as
- A. Multilateral credit
 - B. Bilateral credit
 - C. London Club credit
 - D. Paris Club credit
 - E. IMF loan
23. Which of the following is appropriate to reduce inflationary pressure in an economy?
- A. Budget deficit
 - B. Reduction in tax rate
 - C. Surplus budget
 - D. Devaluation of domestic currency
 - E. Increase in transfer payments
24. The excess of visible exports over visible imports is described as
- A. Unfavourable balance of trade
 - B. Favourable balance of payments
 - C. Favourable balance of trade
 - D. Unfavourable balance of payments
 - E. Trade disequilibrium
25. Which of the following is **NOT** an argument for trade restrictions?
- A. Protection of infant industries
 - B. National security
 - C. Prevention of dumping
 - D. Correction of balance of payments deficit
 - E. Promotion of import
26. Taxes levied on goods which are manufactured within a country are called
- A. Excise Duties
 - B. Export Duties
 - C. Import Duties
 - D. Sales Tax
 - E. Value-Added Tax

27. Which of the following is **NOT** an objective of International Monetary Fund?
- A. Assist members in efficient utilisation of foreign exchange resources
 - B. Help member countries in overcoming foreign exchange deficit
 - C. Settlement of legal disputes among members
 - D. Provide technical advice on debt management
 - E. Provide strategy on currency stabilisation at the international market.
28. Suppose the population of a country and the per capita Gross National Product (GNP) are given as 32 million and \$4687.5 respectively, the estimated gross national income product (GNP) is
- A. \$68 billion
 - B. \$150 billion
 - C. \$180 billion
 - D. \$200 billion
 - E. \$215 billion
29. Which of the following is **NOT** a determinant of economic growth?
- A. Natural resources endowment
 - B. Technological progress
 - C. Labour productivity
 - D. Market structure
 - E. Capital accumulation
30. Which of the following is **NOT** an objective of the Organisation of Petroleum Exporting Countries (OPEC)?
- A. Stabilisation of oil prices
 - B. Stabilisation of exchange rates of currencies of member countries
 - C. Co-ordination and harmonisation of oil policies of member countries
 - D. Provision of financial assistance to poor non-oil producing countries
 - E. Provision of relatively cheaper supply of oil to developed countries

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

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

1. In economics, a generalisation made to describe observed regularity in human behaviour is called
2. Assuming that commodities X and Y are by-products; a decrease in the supply of X will cause a in the supply of Y
3. The technical relationship between the quantity of input in a production process and the amount of output produced by a firm is known as
4. An illegal trading arrangement in which buyers and sellers do business at prices higher than the legally imposed price ceiling is called
5. The concept that describe how output responds to variations in the quantity of inputs used in a production process is referred to as
6. The concentration of industries in a geographical area, locality or region is referred to as
7. The form of business organisation in which the death of the owner may terminate the existence of the business is referred to as
8. The rules and regulations that governs the operations of a limited liability company are listed in the
9. The market structure in which a seller has the opportunity to sell all what he can sell at the prevailing market price is
10. The equation, $I + G + X = S + T + M$, where I = investment, G = government expenditure, X = export, S = savings, T = taxes and M = import, expresses the determination of equilibrium national income using approach.
11. The method of measuring national income that excludes transfer payments is called
12. Incomes accruable to the government from mining rights are known as

13. A specialised financial institution established primarily to contribute to the development of the housing sector of an economy is the
14. A sustained fall in the general price level in an economy is called
15. The policy that involves reduction of government spending and increase in taxation is called
16. The type of unemployment that affects people with mental and physical disabilities is
17. An increase in the value of a country's domestic currency relative to foreign currencies resulting government official decision is called
18. The component account of the balance of payments which shows how foreign reserves have changed in response to current and capital transactions is called
19. An increase in the capital stock of a country can be described as
20. A document containing quantitative and qualitative descriptions of the current economic potentials of the economy, specific objectives, policies and macroeconomic projections of the country is called

SECTION B: **ATTEMPT ANY FOUR QUESTIONS** **(50 Marks)**

PART I: **MICROECONOMICS**

ATTEMPT ANY TWO QUESTIONS

QUESTION 1

a. Illustrate and explain how increase in consumer's income will affect the market of a normal good, other things being equal. **(6 ½ Marks)**

b. The table below shows the supply schedule for rice over certain period.

Price/50kg bag (L\$)	Quantity supplied (50kg bags)
30	100
40	150
50	160

Using the above table, calculate the co-efficient and identify the nature of price elasticity of supply for rice when:

- Price increases from L\$30 to L\$40
- Price increases from L\$40 to L\$50

(6 Marks)

(Total 12½ Marks)

QUESTION 2

a. Explain the following:

- An Indifference Curve **(2½ Marks)**
- A Budget Line **(2½ Marks)**

b. List **FOUR** properties of an Indifference Curve **(4 Marks)**

c. Illustrate and explain consumer equilibrium under indifference curve theory. **(3½ Marks)**

(Total 12½ Marks)

QUESTION 3

- a. i. Define the term 'monopoly'. (1½ Marks)
 - ii. Draw the demand curve of monopoly firm, explaining the reason for its shape (2 Marks)
 - b. i. What is meant by 'price discrimination'? (1½ Marks)
 - ii. State **TWO** market conditions that will make it possible and easier for the monopolist to engage in price discrimination. (3 Marks)
 - iii. Briefly explain **THREE** sources of monopoly power (4 ½ Marks)
- (Total 12½ Marks)**

PART II:

MACROECONOMICS

ATTEMPT ANY TWO QUESTIONS

QUESTION 4

- a. Distinguish between the concepts of demand-pull inflation and cost-push inflation using the appropriate diagrams. (5 Marks)
 - b. State and explain **THREE** major economic effects of inflation. (7½ Marks)
- (Total 12½ Marks)**

QUESTION 5

- a. Explain briefly each of the following types of national budget:
 - i. Deficit budget (2½ Marks)
 - ii. Surplus budget (2½ Marks)
 - b. Identify and explain **THREE** sources of finance for a deficit budget. (7 ½ Marks)
- (Total 12½ Marks)**

QUESTION 6

a. Briefly explain each of the following:

- i. Foreign exchange
- ii. Foreign exchange market
- iii. Foreign exchange rate

(4½ Marks)

b. Assuming market-determined exchange rate, use supply and demand diagrams to explain how each of the following circumstances will affect the value of a country's currency, other things being equal:

- i. Increase in the supply of exports
- ii. Increase in the demand for imports.

(8 Marks)

Hint: Let the vertical axis represents the price of US\$1 in terms of the domestic currency, and the horizontal axis to represent the amount of US dollar traded in the forex market.

(Total 12½ Marks)

SECTION A:

PART I

MULTIPLE CHOICE SOLUTION

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

- 28 B
- 29 D
- 30 E

EXAMINER'S COMMENTS

All the topics in the Syllabus were fairly tested in this Part. The attempt by the candidates was 100 percent because this Part is compulsory. About 72% of the candidates scored pass marks. A good coverage of the entire syllabus is required for candidates to score well in this Part.

PART II SHORT – ANSWER SOLUTION

1. Economic Theory
2. Decrease
3. Production function
4. Black Market / Parallel Market
5. Returns to scale
6. Localisation of Industries
7. Sole Proprietorship
8. Articles of Association
9. Perfectly/Competitive Market
10. Injections – Leakages/Withdrawals Approach
11. Income Method
12. Royalties
13. Mortgage Bank
14. Deflation
15. Contractionary / Restrictive fiscal policy
16. Residual unemployment
17. Currency Revaluation
18. Official Reserve Account
19. Capital accumulation/ Capital formation
20. Economic Plan / Development Plan

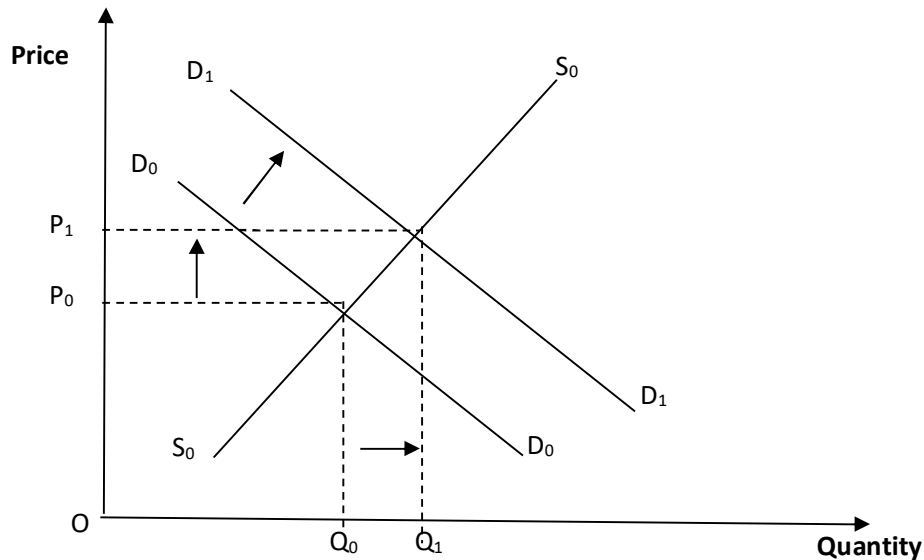
EXAMINER'S COMMENTS

The two main branches of Economics- Microeconomics and Macroeconomics were equally examined in line with the relative weights attached to them in the Syllabus. All the candidates attempted the questions in compliance with the given instructions. However, about 41% of the candidates scored at least 50% of the marks allocated to this Part.

SECTION B

SOLUTION 1

- 1(a) A diagram showing the effects of an increase in consumers income on a market for a normal good



The original market situation is given by the demand curve D_0D_0 and the supply curve S_0S_0 which gives the market price as P_0 and the equilibrium quantity as Q_0 . An increase in consumer's income will lead to increase in demand for a normal good. This is illustrated as a rightward shift in the demand curve from D_0D_0 to D_1D_1 while the supply curve remains unchanged as S_0S_0 . The intersection of D_1D_1 and S_0S_0 gives the new market price as P_1 and the equilibrium quantity as Q_1 .

Therefore, the effects of an increase in consumer's income *ceteris paribus*, gives an increase in the market price from P_0 to P_1 and an increase in equilibrium quantity from Q_0 to Q_1 .

- (bi) The coefficient of price elasticity of supply (ϵ_s) is expressed as:

$$\epsilon_s = \frac{\Delta Q_s}{\Delta P} \times \frac{P}{Q_s}$$

where:

ΔQ_s = change in quantity supplied

ΔP = change in the price of the commodity

Q_s = original quantity supplied

P = original price of the commodity

When price increases from L\$30 to L\$40,

$$\Delta Q = 150 - 100 = 50, \quad Q = 100$$

$$\Delta P = 40 - 30 = 10, \quad P = 30$$

$$\epsilon_s = \frac{\frac{50}{100}}{\frac{10}{30}} = \frac{0.5}{0.33} = 1.5$$

The nature of price elasticity of supply is that supply is price elastic since the coefficient is greater than 1.

(bii) When price increases from L\$40 to L\$50,

$$\Delta Q = 160 - 150 = 10, \quad Q = 150$$

$$\Delta P = 50 - 40 = 10, \quad P = 40$$

$$\epsilon_s = \frac{\frac{10}{150}}{\frac{10}{40}} = \frac{0.067}{0.25} = 0.27$$

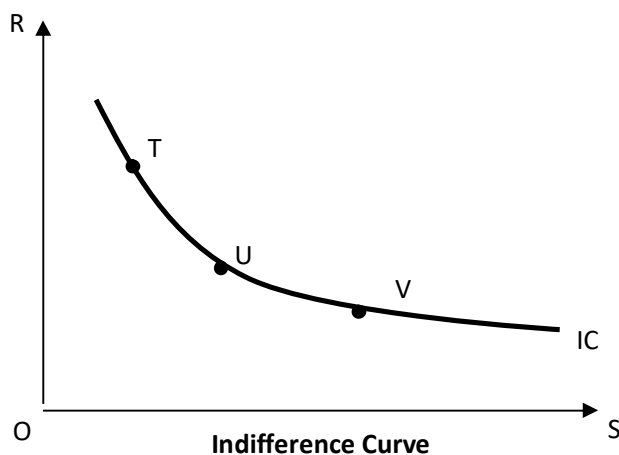
The nature of price elasticity of supply is that supply is price inelastic since the coefficient is less than 1.

EXAMINER'S COMMENTS

This question on price theory tested candidates' knowledge of the workings of the price mechanism, and the computation and interpretation of price-elasticity of supply coefficient. About 83% of the candidates attempted this question, while only about 34 percent of them scored pass marks. Those who scored poor marks was as a result of their inability to draw correct diagram required in the Part(a) of the question. Candidates must appreciate the fact that they need to be well-grounded in the use of supply-demand diagram as a basic tool of analysis in Economics.

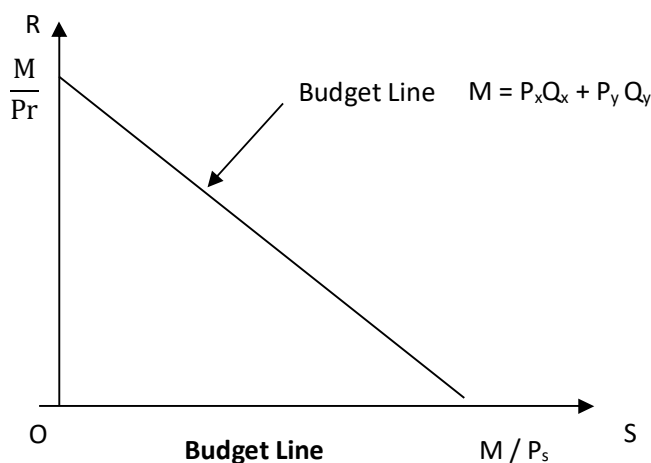
SOLUTION 2

- ai. **An indifference curve** is a curve showing the various combinations of two commodities which a consumer consumes to maintain the same level of satisfaction. The indifference curve is illustrated in the diagram below:



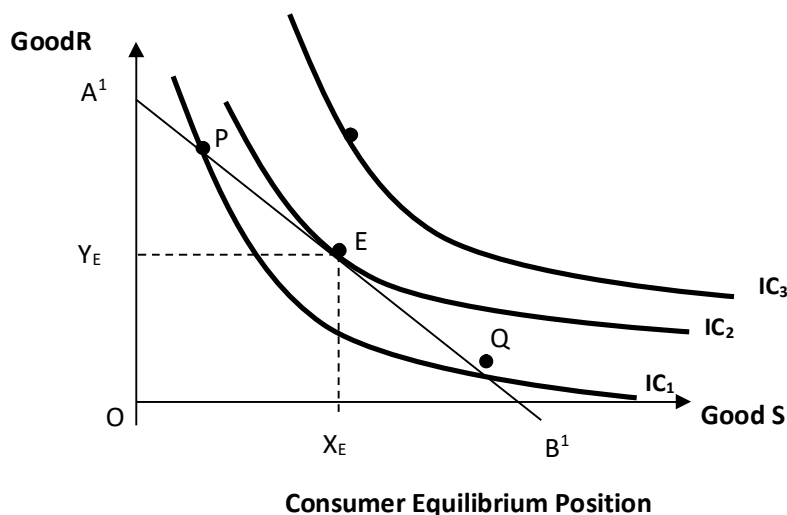
In the above diagram, the Y-axis represents the quantity of good R while X-axis represents the quantity of good S. Points T, U and V represent different combinations of goods R and S that give the same level of satisfaction.

- ii. **A budget line** shows various combinations of two goods that the consumer can buy given his money income and the prevailing market prices of the two goods. The slope of the budget line depends on the ratio of the prices of the two goods. The graph of a budget line for good R and S is shown below:



- b. properties of an indifference curve are as follows:
 - i. Indifference curves are convex to the origin.
 - ii. An indifference curve has a negative slope
 - iii. Indifference curves can never intersect.
 - iv. An indifference curve cannot touch either axis.
 - v. The farther away an indifference curve is from the origin, the higher the level of satisfaction.
- c. Under the indifference curve theory, the consumer will be at equilibrium where his limited income maximises his level of satisfaction.

The consumer equilibrium position is illustrated in the diagram below:



In the diagram above, consumer equilibrium is attained at the point where the slope of the budget line equals the slope of the indifference curve. This is represented by point E where the indifference curve IC_2 is tangential to the budget line, A^1B^1 . Therefore, at equilibrium, the consumer consumes Y_E of good R and X_E of good S.

The consumer can afford to buy any of the combinations of goods R and S described by points P, E, Q with all his money given the budget line A^1B^1 . However, he prefers the combination on point E because it gives him greater utility than any of the combinations P and Q. He should have preferred point R, but this is beyond the limit of his budget.

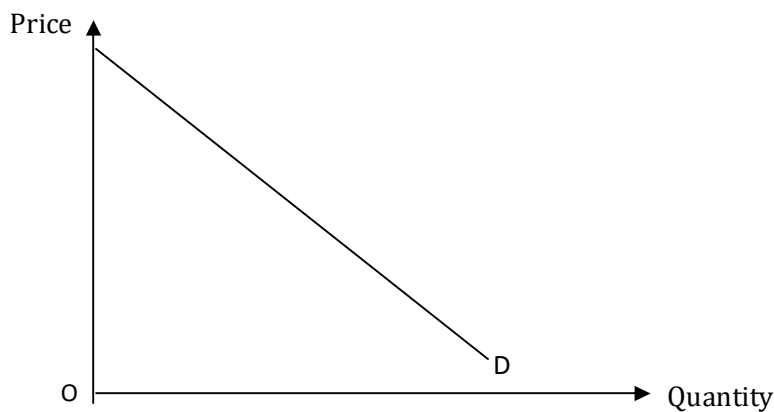
EXAMINER'S COMMENTS

This question on the Indifference Curve Approach to the Theory of consumer behavior is straightforward. About 52% of the candidates attempted the question, while the success rate is about 49%. Poor graphic illustration is also the common pitfall of candidates in this question.

SOLUTION 3

(ai) **Monopoly** can be defined as a market structure characterised by a single firm producing a commodity or providing a service that has no close substitute. As the sole producer in the market, the monopolist firm faces no competition, and it is protected against potential competition from new entrants into the market.

(ii) The demand curve of a Monopoly firm



The demand curve of a monopolist firm is also the market curve which is downward sloping. This is because lower prices are charged for the commodity to be sold. That is, each successive additional unit of output will be sold at a lower price.

bi. **Price discrimination** is the practice of charging more than one price for the same product or service. This usually occurs when the price differences are not justified by the difference in the cost of serving different customers.

- ii. The market conditions that will make it possible and easier for the monopolist to engage in price discrimination are:
- The price elasticity of demand for the products must be different in the different markets.
 - The monopolists must be able to segregate the buyers into classes among which resale or transfer of the commodity or service is either impossible or very costly. The barrier between buyers or markets may be geographical with transport cost preventing resale or the monopolist providing service that cannot be transferred.
 - The cost of segregating the market or buyers into different classes with different price elasticity of demand for the product must be too high as to wipe off the intended profit of price discrimination.
- iii. Sources of monopoly power are:
- Control of the entire supply of a basic input. If the entire supply of the basic raw materials to produce a commodity is supplied by a single firm or a country, such a firm or country will monopolise the supply of the product.
 - Large scale production and economies of scale. Monopoly may arise because of economies of large scale. This may occur based on the cost advantages gained from the use of cost-saving technology which enables it to sell at a lower price than any other small competitor.
 - Legal monopoly. If a firm invest on a machine after huge cost have been incurred on research and development efforts, the government may therefore grant the firm patent right that prevents other firms from producing the same type of machine. This makes the firm automatically a monopolist.
 - State monopoly. The government can assume a monopoly power in the production of social goods to prevent exploitation by the private individuals and also promote even development and social welfare of the people. For example, public utilities such as PHCN.

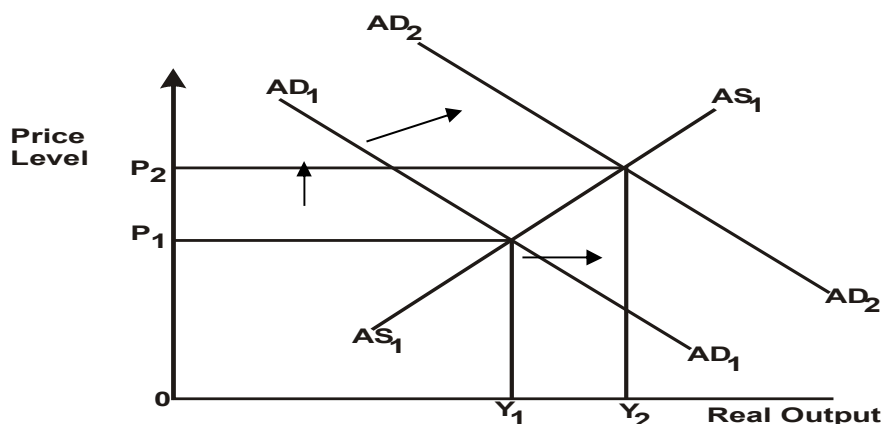
- **Merger and Acquisition.** When big firms enter collusion to control the market supply, they establish strong monopoly power driving away other potential competitors. Also, it is possible for big firm to acquire a small firm that can no longer operate profitably to gain total control of the market supply.
- **Natural monopoly.** This occurs when only a firm has access to the raw material required in the production of a good. Thus, the firm is exclusively responsible for the production and supply of the product.

EXAMINER'S COMMENTS

This question tested candidates' knowledge of monopoly as a market structure. About 56% of the candidates attempted the question and the success rate is about 45%.

SOLUTION 4

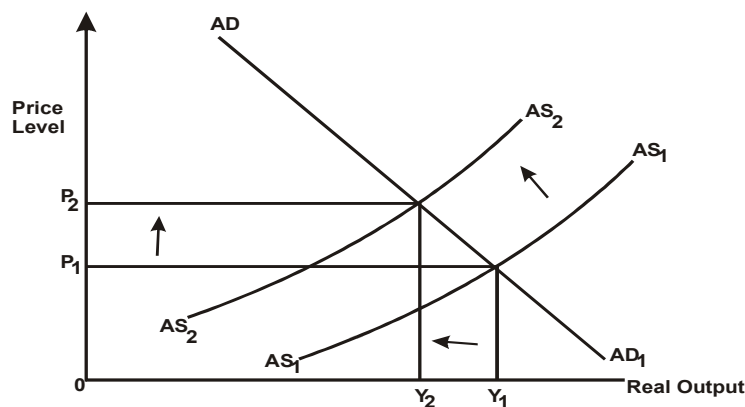
- a. **Demand-Pull Inflation:** Demand-pull inflation occurs when a sustained rise in the general price level is caused by a sustained increase in aggregate demand. In other words, it exists when aggregate demand exceeds the aggregate supply. Demand-pull inflation is illustrated in the diagram below.



An increase in aggregate demand shifts the AD curve to the right (AD_1 to AD_2). At the original price level OP_1 , there is excess demand which pulls the price level to OP_2 .

Cost-Push Inflation: Cost-push inflation, on the other hand, occurs if the rise in general price level is induced by rising costs of production. Therefore, cost-push inflation arises when higher production costs are successfully passed on to the consumers in form of higher prices.

Cost-push inflation is illustrated in the diagram below.



Rising production costs shift the aggregate supply (AS) curve to the left (AS_1 to AS_2); and with an unchanged aggregate demand (AD) curve, the price level is pushed up from OP_1 to OP_2 .

b. The major economic effects of inflation include:

1. Effect on fixed-income earners. Inflation reduces the standard of living of fixed-income earners, such as the pensioners, salary earners, rent receivers, savings with fixed rates of interest and others on social security. Their fixed incomes will buy smaller baskets of goods and services.
2. Effect on lenders and borrowers: Lenders will suffer a loss while borrowers gain because when debts are repaid, their real value will be less than that prevailing when the loans were granted.
3. Effect on businesses: Wage-push inflation causes a fall in the profits of the firms if entrepreneurs are unable to pass on the full rise in costs to their customers in the form of higher prices. Furthermore, businessmen will suffer on

goods sold out on credits because unanticipated inflation makes it difficult for them to accurately project future cost of production of inputs and profits.

4. Effect on government: One positive effect of inflation is that tax revenue of government increases during inflation. In a country with a progressive tax system, as prices rise, your money income also rises. Conversely, inflation acts as a constraint upon government policy with regard to the management of the economy. A public policy meant to cure inflation may raise the level of unemployment in the economy.
5. Effect on national output and overall standard of living: Since money loses its value during inflation, people are discouraged from saving. This will further reduce the level of investment in the economy. The resultant fall in the level of investment would mean a lower level of employment as well as shortage of goods and services which will result in a fall in the overall standard of living in the country.
6. Effect on international trade: Domestic inflation has the effect of raising export prices in the process, making exports less competitive and imports relatively more competitive. If demand abroad for the country's range of exports is price inelastic, domestic inflation will be passed on to the foreign countries. The foreign countries will therefore encounter what is known as *imported inflation*. This suggests that the fall of export volume will be less; the more price-inelastic is the foreign demand for exports.

EXAMINER'S COMMENTS

The question on inflation is straightforward and was attempted by about 81% of the candidates. About 60 percent of the candidates scored at least half of the total marks allocated to the question. Candidates' performance should have been more impressive but for poor graphic illustrations of the concepts of inflation tested.

SOLUTION 5

A. The explanations of given types of national budget:

- i. Deficit budget: This is a budget where the planned government expenditure exceeds planned or estimated government revenue. This budgetary system is embarked upon to stimulate economic growth especially during depression so that the problem of unemployment, low national output and low aggregate demand would be ameliorated.
- ii. Surplus budget: This is a budget where the government estimated revenue exceeds the estimated expenditure. This budget is embarked upon to reduce inflation. This is achieved through reduction of government expenditure and increase in taxation to broaden revenue base of the government.

B The various sources of financing deficit budget include:

- i. Increasing revenue base of the government. This could be done by increasing taxes, diversification of the economy, etc.
Loans and aids. Government can secure loans and aids (internal and external) to finance deficit budget. Internal borrowing takes the form of issuing of bonds while external could be in form of borrowing from foreign countries, international financial institutions such International Monetary Fund (IMF), International Bank for Reconstruction and Development (IBRD), African development Bank (AfDB), London Club of Creditors, Paris Club, etc. The loans should be invested in capital projects
- ii. Reduction of some expenditure items. The government should eliminate items in the expenditure lists that are not economically productive. For instance, cost of governance should be minimized.
- iii. Resort to printing of money. The government can resort to printing of money to settle some domestic debts or execute some capital projects. This is not the best option since it fuels inflation rate in the economy.

- iv Sales of government properties. This could be adopted to raise money to finance some important capital project.

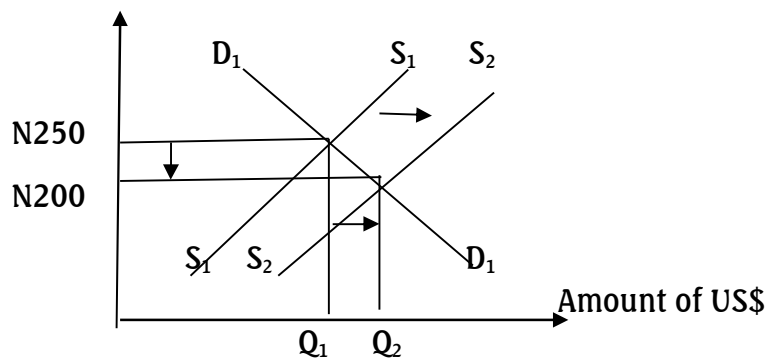
EXAMINER'S COMMENTS

This question on National Budget was the most popular among the candidates. About 88% of them attempted the question and the success rate stands at about 58%.

SOLUTION 6

- A i. Foreign exchange: This is the foreign currency required for payment for goods and services traded between countries. For instance, if a Nigerian importer wants to import goods from United States of America, he/she needs US dollar to pay for the goods. The US dollar required by the Nigerian importer is a foreign exchange in Nigeria.
- ii. Foreign exchange market: Foreign exchange market is the arrangement whereby currencies are bought and sold. For example, US Dollars are traded for Nigeria Naira, British Pounds sterling for Japanese Yen, and so on. Thus, national currencies of all countries are the stock-in-trade in the foreign exchange market.
- iii. Foreign exchange rate: It is the price of one currency expressed in terms of another currency. For example, the price of Nigerian Naira in terms of US dollar. In other words, the exchange rate is the price of a unit of foreign currency that may be bought for one unit of domestic country's currency. It is simply the price at which one country's currency can be traded for another. If the US Dollar sells for ₦420, this defines the exchange rate between the US Dollar and the Nigerian Naira. The exchange rate will be stated as $\text{US\$1} = \text{₦420}$.
- B i. An increase in the supply of exports implies increase in supply of foreign currency. This increase, with demand for foreign currency remaining unchanged, will make the supply curve to shift rightwards causing the domestic currency to appreciate relative to the foreign currency. This effect is shown in the diagram below.

Naira Price of \$1

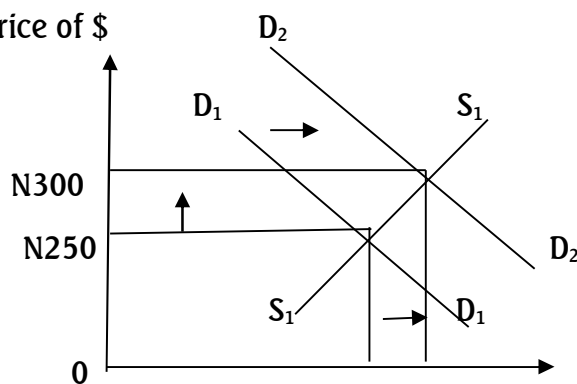


Given the originally the demand and supply curves as D_1 and S_1 respectively, and the initial exchange rate of $\$1 = \text{N}250$, an increase in the supply of foreign exchange shows a rightward shift in the supply curve from S_1 to S_2 leading to a fall in the exchange rate or an appreciation of Naira from $\$1 = 250$ to $\$1 = \text{N}200$.

- ii. An increase in the demand for **import** implies an increase in the demand for foreign currency (US dollar).

This increase, with supply of foreign currency remaining unchanged, will make the demand curve to shift rightwards causing the domestic currency to depreciate relative to the foreign currency. This effect is shown in the diagram below.

Naira Price of \$



Q_1 Q_2

Amount of US\$

Given the original demand and supply curves as D_1 and S_1 respectively, and the initial exchange rate is $\$1 = \text{N}250$, an increase in demand for foreign exchange causes a rightward shift in the demand curve from D_1 to D_2 leading to a rise in the exchange rates or a depreciation of the Naira from $\$1 = \text{N}250$ to $\$1 = \text{N}300$.

EXAMINER'S COMMENTS

The question on International Finance was avoided by majority of the candidates. Only about 20% of them attempted the question, and the success rate is about 28%. Most of the candidates who attempted the question could not differentiate between the concepts of *foreign exchange*, *foreign exchange market* and *foreign exchange rate*. They could also not draw correct diagrams to explain how the price-mechanism works to affect the situation in the foreign exchange market.

THE ASSOCIATION OF ACCOUNTANCY BODIES IN WEST AFRICA



**ACCOUNTING TECHNICIANS SCHEME, WEST AFRICA
SEPTEMBER 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, 28 SEPTEMBER, 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 – SEPTEMBER 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. The laws made by the legislative arm of the local government is commonly referred to as
 - A. Council laws
 - B. Municipal laws
 - C. Bye-Laws
 - D. Subsidiary legislation
 - E. Edicts
2. One major characteristics of customary law in Nigeria is that it is
 - A. Largely written
 - B. Similar in content to English law
 - C. Amenable to the current conditions and lifestyles of the people
 - D. Judge-made law and a declaration of the court
 - E. Rigid and inflexible
3. The tort committed whenever a person willfully or recklessly makes a statement with the intention that another person shall act on it and thereby suffer damage is known as the tort of
 - A. Trespass to person
 - B. Slander
 - C. Libel
 - D. Defamation
 - E. Deceit
4. The arrangement of superior courts in ascending order in Nigeria is as follows
 - A. High Court, Court of Appeal and the Supreme Court
 - B. Supreme Court, High Court and Magistrate Court
 - C. Court of Appeal, Supreme Court and High Court
 - D. Magistrate Court, District Court and Customary Court of Appeal
 - E. Circuit Court, Regional Court and House of Lords

5. The major characteristic of a tort is that
- A. It is an offence with criminal consequences
 - B. The parties to an action in tort are the State and the Accused/Defendant
 - C. Redress for its breach lies in the prosecution, conviction and sentencing of offenders
 - D. It is a breach of personal duties fixed by law
 - E. Its establishment in court requires proof beyond unreasonable doubt
6. Which of the following is **NOT** true of a contract?
- A. An agreement, which will be enforced by the courts
 - B. A situation which the law will recognise as affecting the legal rights and duties of the parties
 - C. A promise or set of promises, which the law will enforce
 - D. An agreement lacking in the meeting of minds or what is commonly known as *consensus ad idem*
 - E. A legally binding agreement between two or more persons by which rights are acquired by one or more, to act or forbear from acting
7. An offer could be terminated in the following ways, **EXCEPT** by
- A. Acceptance
 - B. Revocation
 - C. Lapse of time
 - D. Death of one of the parties
 - E. Failure of a condition precedent to the offer
8. Contractual arrangements that are prohibited by statutes or common law are regarded as
- A. Mutual contract
 - B. Partly unenforceable contract
 - C. Illegal contract
 - D. Non-illegal contract
 - E. Partly enforceable contract

9. A relationship in which a person commissions another person to act on his behalf is called
- A. A simple contract devoid of consideration
 - B. Sale of services contract
 - C. Sale of goods contract
 - D. A contract of agency
 - E. A contract of hire purchase
10. A voidable contract is a contract
- A. That has no legal effect
 - B. Of a sale of goods
 - C. For services by an independent contractor
 - D. Generally recognisable at law and given effect to subject to certain conditions
 - E. That is destitute of all legal rights
11. A contract to oust the jurisdiction of the courts is a
- A. Void contract to the extent of its ouster clause
 - B. Contract vitiated by mistake
 - C. Contract in restraint of trade
 - D. Contract to commit crime, tort or fraud
 - E. Contract involving maintenance or champerty
12. The rights of an agent in an agency relationship include all of the following, **EXCEPT**, right
- A. To remuneration
 - B. To indemnity
 - C. To have his lawful actions ratified by the principal
 - D. To make secret profit
 - E. Of lien over the goods of his principal for moneys due to him
13. Which of the following is **NOT** a duty of an agent?
- A. Duty to follow the principal's instructions
 - B. Duty to act in good faith and avoid conflict of interests
 - C. Duty to exercise care and skill professed by him
 - D. Duty to delegate his authority whether or not expressly authorised by his principal
 - E. Duty to render an account to the principal as and when due

14. In a contract for sale of goods, goods which have been identified and agreed on at the time of the contract are
- A. Unascertained goods
 - B. Specific goods
 - C. Ostensible goods
 - D. General goods
 - E. Goods in transaction
15. Goods which the seller is obligated to manufacture or acquire after the contract of sale is made are
- A. Ascertained goods
 - B. Bubble goods
 - C. Future goods
 - D. Existing goods
 - E. Baggage goods
16. The contract of hire purchase may be terminated by
- A. A unilateral decision of the hirer to rescind the contract
 - B. Repudiation by the aggrieved party who may sue for breach
 - C. Failure of owner to furnish information about the goods
 - D. Failure on the part of the hirer to accept the goods
 - E. Payment by the hirer of the instalments as and when due
17. In a hire purchase contract, supervening circumstances of *force majeure*, which are beyond the control of the parties, has the effect of
- A. Termination
 - B. Extension
 - C. Commencement
 - D. Performance
 - E. Resignation
18. The obligation of the worker, to maintain absolute silence over commercial information received in the workplace, is referred to as employee's duty to
- A. Keep his employer's confidential information and trade secrets
 - B. Obey employer's lawful orders
 - C. Render personal service and not delegate his duties without the consent of the employer
 - D. Exercise professional skill and diligence
 - E. Not make secret profits from the employment relationship

19. A breach of a term of insurance contract that entitles the claimant to payment of damages without rendering the transaction void is known as a
- A. Breach of condition
 - B. Breach of warranty
 - C. Breach of both a condition and warranty
 - D. Principle of subrogation
 - E. Principle of contribution
20. A partnership business entered into for a single venture or undertaking stands dissolved at the
- A. Conclusion of that venture or undertaking
 - B. Expiration of the fixed term
 - C. Bankruptcy or death of any partner
 - D. Submission to arbitration
 - E. Execution of a deed of dissolution
21. One of the circumstances under which a court can make order for the dissolution of a partnership business is when
- A. The membership of a general partnership exceeds ten
 - B. A partner in a partnership business becomes a lunatic by inquisition
 - C. A general partnership is unregistered
 - D. A partnership business has not more than three partners
 - E. When partners apply the Partnership Act, 1890 to the partnership
22. The process by which a company is dissolved or liquidated is called
- A. Majority rule
 - B. Solubility
 - C. Winding up
 - D. Termination of corporate appointment
 - E. Resolution for dissolution
23. Which type of resolution is required for members' winding up
- A. Special resolution
 - B. Hybrid resolution
 - C. Official resolution
 - D. Ordinary resolution
 - E. Consensus resolution

24. Judicial proceedings for the winding up of a company must be commenced before the
- A. Magistrates Court
 - B. State High Court
 - C. Court of Appeal
 - D. Federal High Court
 - E. Regional High Court
25. Registration of business name is compulsory for an individual
- A. Applying for registration as a director of a registered company
 - B. Directed by the Registrar of Business Names
 - C. Where the business name proposed to be registered is a name other than that of the state where the business is to be situated
 - D. If the business name does not consist of the individual's true surname without any addition other than his true forenames or initials
 - E. If the proposed business name does not consist of the names of the country of operation
26. The obligation of a banker to honour a cheque of the customer ceases upon a
- A. Countermand
 - B. Notation
 - C. Calligraphic instruction on a cheque leaf
 - D. Cursive handwriting on a cheque leaf
 - E. Novation
27. Before closing his account, a banker owes a customer a/an
- A. Implied duty
 - B. Reasonable notice
 - C. No notice
 - D. Regular updates
 - E. Immediate notice
28. **ONE** of the ways by which a party obliged to honour a negotiable instrument may be discharged is through
- A. Non-payment of the instrument
 - B. Protest on non-payment
 - C. Any material alteration
 - D. Dishonour by non-acceptance
 - E. An accommodation bills

29. A bill, which was previously dishonoured by a person who was not originally liable, but is subsequently honoured is said to be discharged by
- A. Cancellation
 - B. Negotiation
 - C. Alteration
 - D. Acceptance
 - E. Renunciation
30. Which of the following is **NOT** eligible for appointment as a trustee?
- A. An infant
 - B. A public trustee
 - C. A trust corporation
 - D. An original trustee
 - E. A beneficiary

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

ATTEMPT ALL QUESTIONS

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

1. The matters that only the National Assembly has power to legislate upon are contained in the
2. Before a custom could be observed and applied as law, it must not be repugnant to
3. A false statement, which causes physical damage or economic loss to the person who relies on it, is referred to as
4. The arrangement of courts in the order of rank or importance under the Nigerian Legal System is known as
5. The liability that falls upon an individual by the action of another person who is under his control is known as
6. As a general rule, domestic agreements lack
7. A contract that restricts or limits the right of parties to trade freely with one another is referred to as a contract in
8. Where one person acts without prior authorisation of another person who subsequently adopts the act, there is agency by
9. Where all the parties to a contract are mistaken as to the same state of facts, there is
10. The payment made by a principal to an agent is
11. In a contract of sale of goods, goods that are not identified and agreed upon are referred to as
12. In a hire purchase contract, consideration is in the form of
13. Suspension of an employee is also known as
14. The substitution of one person by another for the purpose of insurance claim is called
15. In a limited partnership, there must also be at least one

16. Upon the commencement of official liquidation, the hitherto powers exercisable by the directors of the company, become vested in the
17. The Officer that is statutorily empowered to register or refuse the registration of the use of certain business names or cancel the registration where such names have been inadvertently registered is the
18. A court order that has the effect of stopping a banker from making payments to a customer is called
19. When a drawee or acceptor honours a negotiable instrument in good faith and without notice of any defect, the negotiable instrument is discharged by
20. Where an appointed trustee declines his appointment and refuses to act in that office, he is said to have ended the trust relationship by a

SECTION B: ATTEMPT ANY FOUR QUESTIONS

50 MARKS

QUESTION 1

- a. There is a doctrine that divides the powers of government between the legislature, executive, and judiciary.

Required:

- (i) State the doctrine for check and balances on organs of government. (1 Mark)
(ii) Explain briefly the doctrine in (i) above. (1½ Marks)

- b. The idea of trusts derived from the need to obviate the hardships inherent in the common law and the necessity to establish the idea of justice universally. Thus, it enables property to be held by one person for the benefit of another.

Required:

State and explain **ONE** of the ways in which a person may cease to be a trustee. (2 ½ Marks)

- c. It is one of the many duties that a banker owes its customer to operate the customer's account with requisite confidentiality and secrecy.

Required:

State and explain **ONE** circumstance that may excuse a banker from observing its duty of confidentiality and secrecy to its customer. (2 ½ Marks)

- d. Consideration is something of value in the eye of the law that is exchanged for a promise or action.

Required:

State and explain **TWO** major types of consideration in the law of contract.

(5 Marks)

(Total 12½Marks)

QUESTION 2

- a. Civil proceedings and criminal proceedings have different aims.

Required:

State the aims of criminal proceedings and civil proceedings.

(2½ Marks)

- b. i. The law of agency regulates a situation whereby one person acts through another.

Required:

Distinguish between a Factor and a Broker as special agents.
(2 Marks)

- ii. Under an agency relationship, 'A' agreed to pay 'B' a commission of 5% on every 5,000 bags of cement sold, and a further 2.5% commission (making a total of 7.5%), if the buyer paid up within a period of 2 weeks. 'B' sold 5,000 bags of cement to 'C', which the latter paid for within 10 days. 'A' gave 'B' the 5% commission and reneged on the extra 2.5 %. 'B' has approached you for advice.

Required:

Advise 'B' of his legal rights, if any. (3 Marks)

- c. Even though the general rule is that mistake does not affect a contract, where however, a mistake is sufficiently serious, it may render the contract defective.

Required:

Differentiate between **COMMON** and **MUTUAL** mistakes.

(5 Marks)

(Total 12½ Marks)

QUESTION 3

- a. The courts have always imposed a duty of care on individuals to avoid making careless statements that result in harm to others.

Required:

Explain briefly the scope of the tort of negligent misstatement?

(2½ Marks)

- b. An agreement may become defective by certain vitiating circumstances.

Required:

Distinguish between **DURESS** and **UNDUE INFLUENCE** as vitiating elements of a contract.
(5 Marks)

- c. i. The law of agency enables one person, called the principal, to authorise another, called an agent, to act on her behalf.

Required:

State the agent's fiduciary duty which compels him to "disclose all profits made by him"; and the common description of the duty imposed on the agent to "personally and directly act on behalf of the principal".

(2 Marks)

- ii. 'A' retained an estate agent called 'B' to sell his house to 'C' at the cost of ₦20 million. 'B' agreed with 'C' to help convince 'A' to accept ₦17.5 million upon the promise that 'C' would pay ₦1 million to 'B'. 'A' discovered 'B's arrangement with 'C' and brought an action against 'B' for damages for breach of contract. Advise 'B'.

(3 Mark)

(Total 12^{1/2} Marks)

QUESTION 4

- a. The Supreme Court is the final court for appeals from lower courts.

Required:

State **ONE** matter over which the Supreme Court may exercise original jurisdiction.

(2½ Marks)

- b. Goods are classified for the purpose of contracts for the sale of goods.

Required:

Distinguish between specific goods and future goods.

(5 Marks)

- c. i. The Hire Purchase Act has qualified the hitherto absolute rights of the hirer to determine the hire-purchase agreement under the common law.

Required:

State the **TWO** conditions under the Hire Purchase Act to be met by the hirer before he could terminate the hire-purchase agreement.

(2 Marks)

- ii. Adewale (hirer) entered into a hire-purchase agreement with Chief Omowale (owner). The agreement had run for $\frac{3}{4}$ period of its duration, and Adewale kept up faithfully with the payment of the monthly instalments. Adewale decided to end the agreement, but wanted the owner to allow him a period of 6 months to look for money and thereafter pay off the outstanding instalments in one lump sum.

Required:

State the legal issues in the transaction and advise Adewale.

(3 Marks)

(Total 12^{1/2} Marks)

QUESTION 5

- a. A tort is a breach of personal duties fixed by law and at other times, liability is imposed upon a person not for his personal liabilities but for the actions of another person in circumstances approved by law.

Required:

Explain **ONE** test for determining when the relationship of a master/servant will result in vicarious liability.

(2½ Marks)

- b. In a contract of service, otherwise known as the contract of employment, certain duties are imposed on the employer and the employee.

Required:

Explain briefly the duty of the employer to provide work and the duty of obedience by the employee.

(5 Marks)

- c. Under the Companies and Allied Matters Act (as amended), there are many grounds upon which a court may be called upon to wind up a company.

Required:

State **TWO** types of winding up of a company.

(2 Marks)

- d. XYZ Limited as creditors to ABC Limited decided to file a petition for the winding up of the latter company for its unpaid indebtedness to the former despite several unsuccessful demands. The petitioners decided to file the petition at the Ikeja Division of the High Court of Lagos State.

Required:

State the legal issue and advice XYZ Limited.

(3 Marks)

(Total 12^{1/2} Marks)

QUESTION 6

- a. A partnership business arrangement may be dissolved, *inter alia*, by an order of court.

Required:

Explain briefly the effect of dissolution of a partnership business.

(2½Marks)

- b. The Companies and Allied Matters Act (CAMA), (as amended) has provided for circumstances where registration of business names is either compulsory or non-mandatory.

Required:

State the condition upon which the registration of a business names is not mandatory under the CAMA (as amended).

(2½ Marks)

- c. A negotiable instrument may be discharged in so many ways permitted by law.

Required:

Explain 'discharge of negotiable instrument by the loss and replacement of the instrument'.

(2½ Marks)

- d. The law of insurers permits two insurers to insure the same subject matter but makes provisions on claims in such a situation.

Required:

Explain briefly the principle of insurance contract that mandates two insurers to share the loss suffered by the insured, and state **TWO** of the conditions for the application of the principle.

(5 Marks)

(Total 12½ Marks)

SECTION A

PART I MULTIPLE CHOICE SOLUTION

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

28. C

29. D

30. A

PART II SHORT-ANSWER SOLUTION

1. Exclusive Legislative List
2. Natural Justice, Equity and Good conscience
3. Negligent Misstatement
4. Hierarchy of Courts
5. Vicarious Liability
6. Intention to create legal relations
7. Restraint of trade
8. Ratification
9. Common mistake
10. Remuneration/Commission
11. Unascertained goods
12. Instalments
13. Interdiction
14. Subrogation
15. General Partner
16. Official Liquidator
17. Registrar of Business Names
18. Garnishee
19. Full payment
20. Disclaimer

EXAMINER'S COMMENTS

The questions test all parts of the syllabus. Attempt rate was 100% and candidates' general performance was very good with rate at about 75% pass.

SECTION B

SOLUTION 1

- a. (i) It is the doctrine of separation of powers.
 - (ii) Separation of powers implies that each organ of government must function separately and exercise only the powers vested in it by the constitution.
- b. A person could cease to be a trustee in any of the following ways:
 - (i) Disclaimer: A person appointed as a trustee may reject the office and decline the appointment, thus disclaiming the trust. This effectively ends the trust arrangement;
 - (ii) Removal: When an appointed trustee is removed, whether on account of his refusal, unfitness, or incapacity to act, the trust relationship is thereby terminated; Retirement: A trustee who has accepted the trust but, subsequently wishes to be discharged from the office, may resign his appointment, thereby ending the trust relationship; and
 - (iii) Death: The death of a trustee naturally ends his tenure as a trustee.
- c. Any one of the following circumstances:
 - a. i Disclosure under the compulsion of law;
 - ii. This happens when there is a provision or situation under a written law compelling the Banker to make disclosure on the customer's account.
 - b. i Public duty to disclose;
 - ii This happens when is a banker is permitted to disclose information on the account in response to a public duty.
 - c. i. Disclosure in the interest of the bank;
 - ii. When it is in the enlightened interest of the bank so as not to suffer some diminution in its assets if the disclosure is not made; and
 - d. i. At the customer's consent;
 - ii. Whether through overt or covert consent of the customer and through the customer's omission or commission.
- d. (i) The TWO major types of consideration in a contract are :
Executory and Executed consideration.
 - (ii) (a) Executory Consideration: An executory consideration is the exchange of a promise for a promise, which gives rise to a bilateral contract between the parties. It is a promise to do some act or for bear from doing some act in the future;

(b) Executed Consideration: An executed consideration is an act already performed by one party in exchange for a promise made or an act by the other party.

EXAMINER'S COMMENT

The questions test candidates' knowledge of separation of powers under democratic governance, ways a person may cease to be a trustee, banker's duty of secrecy to its customer, and types of consideration in a law of contract. Attempt rate was about 80% and general performance was good as pass rate was above 60%.

SOLUTION 2

(a) (i) The aim of civil proceedings is to compensate a party whose interest has been affected by the action or inaction of the other party. On the contrary, the aim of criminal proceedings is to punish the offender.

(b) (i) A Factor is a mercantile agent who, in the course of his business, has the authority to sell or consign goods or raise money on security for goods.

A Broker is an agent who though has no possession of goods or service, but is involved only in the negotiation of the contract for it on behalf of another for a commission known as brokerage.

(ii) 'A' and 'B' created a *del credere* agency. Since 'B' has ensured that 'C' paid for the 5,000 bags of cement sold to him within the agreed period of 2 weeks, 'B' has earned the extra 2.5% commission as a successful *del credere* agent. 'A' is liable to pay the agreed higher rate of commission.

(c) Common mistakes are mistakes made by both parties to a contract. It happens where the parties are labouring under the same mistake and they are simply both wrong.

Mutual mistake, on the other hand, arises where the parties misunderstood each other and thus worked at cross-purposes.

EXAMINER'S COMMENT

The questions test candidates' understanding of civil and criminal laws, types of agency and agency commission, and types of mistakes in law of contracts. About 70% of candidates attempted the question and general performance was good, as about 65% of candidates scored above pass mark.

SOLUTION 3

- (a) Negligent misstatement is a careless, or reckless, or inadvertent false statement in circumstances where care should have been exercised.
- (b) Duress is a pressure brought to bear upon one of contracting parties so as to induce him to enter into the contract. Duress consists in threats of actual personal violence, imprisonment, or restraint of personal liberty.

Undue Influence is the use of any influence by which the exercise of freewill and deliberate judgment is excluded. It consists in the wrongful influence which one party may have over the other, although the influence by itself may not be unlawful.

- (c) (i) The duty not to make secret profit, and the duty not to sub- delegate authority
- (ii) 'B' has breached the duty of good faith owed to 'A' as the latter's agent and is therefore liable for damages to 'A' (the principal) for the breach and to pay over to him the money received from 'C'

EXAMINER'S COMMENT

The questions test candidates' understanding of vitiating elements in law of contract, fiduciary duties of an agent to the principal, and consequences for breach in law of agency. Attempt rate was about 70% and general performance was good as about 60% of the candidates scored pass mark and above.

Major pitfall of candidates was their shallow knowledge of misstatements and vitiating elements in contract. Candidates are advised to read the ATSWA study text.

SOLUTION 4

- (a) The Supreme Court has original jurisdiction in disputes between the Federal Government and any of the States or between any two or more states, and such original jurisdiction as may be conferred upon it by any Act of the National Assembly.
- (b) Specific goods are goods identified and agreed upon by the parties to a sale of goods contract at the time the contract is made.

Future goods are goods not yet in existence or goods in existence but not yet acquired by the seller at the time the contract of sale is made. In other words, future goods are goods yet to be acquired or manufactured by the seller after the contract has been made.

- (c) (i) The TWO conditions that the hirer must meet before terminating a hire purchase agreement as follows:
- The hirer must have paid at least half the hire-purchase price; and
 - He must hand the goods back to the owner
- (ii) Under the common law, Adewale as the hirer, had unfettered right to determine the agreement, but this right has been qualified by Section 3(b) of the Hire Purchase Act, which requires that Adewale must return the goods to Chief Omowale if he wants to end the agreement since he has paid and kept his promise under the agreement for over half of its duration.

EXAMINER'S COMMENT

The questions test candidates' knowledge of original jurisdiction of the Supreme Court in the legal system, types of goods under Sale of Goods Act, and conditions to terminate hire purchase agreement.

About 60% of candidates attempted the question, and general performance was good, as over 60% of the candidates scored pass mark and above.

SOLUTION 5

- (a) The tests for determining when the relationship of a master/servant will result in vicarious liability are as follows:
- (i) Where the employer controls the employee on what work to do and how to do the work as well as the tools to use for the work; or
 - (ii) Where one person (employer) pays the other (employee) wages and salaries; or
 - (iii) Where one person (employee) is an integral part of the organisation of another (employer); or
 - (iv) Where, one person (employee) was acting within the scope of his employment.
- (b) (i) In a contract of service, the employer is duty bound to provide work for his employee, especially when the provision of work lies at the basis of the contract such as where the Employee is a skilled workman, or his remuneration is by commission, or where remuneration is for piece-work.

(ii) The employee has a fundamental duty of obedience to the reasonable and lawful orders of his employer. Breach of this duty usually attracts the consequence of summary dismissal.

(c) Winding up under the Companies and Allied Matters Act are of the following types:

- (i) Voluntary winding up;
- (ii) Winding up by order of court; and
- (iii) Winding up subject to the supervision of the court.

(d) The forum for the adjudication of a petition for winding up of a company is the Federal High Court and not a State High Court as the creditor company decided. Thus, the Lagos State High Court has no jurisdiction over the matter.

EXAMINER'S COMMENT

The questions test candidates' understanding of liability in law of torts, duties of employer and employee in employment contract, and types of winding-up of a company.

About 60% of candidates attempted the question and performance was average as about 50% of the candidates scored pass mark and above.

Candidates' major pitfall was their inability to explain the types of winding up of a company and the process.

Candidates are advised to read the topic more deeply with the aid of the ATSWA study text.

SOLUTION 6

- (a) Dissolution of a partnership business basically revokes the power of each partner to bind the firm, except for the completion of the partnership business begun but not completed at the time of dissolution, and to do what may be necessary to wind up the partnership business.
- (b) A business name need not be registered if it is the true surname of the proprietor with no other addition other than his forename(s) or initials.
- (c) When the instrument with the holder is lost, and the instrument is replaced by the drawer, the obligation hitherto existing on the lost instrument is discharged.

- (d) (i) The principle is that of contribution, which enables the insurer who has paid a claim under a policy to call upon other insurers equally or otherwise liable for the same loss to contribute to the payment.
- (ii) Two conditions precedent for the application of the principle of contribution are as follows:
 - (a) The policies in issue must cover the same peril that caused the loss;
 - (b) The policies in issue must insure the same subject matter and the same interest;
 - (c) The insurance policies concerned must be contracts of indemnity;
and
 - (d) There may be more than one insurance policy enforceable at the date of the loss.

EXAMINER'S COMMENT

The question test candidates' knowledge of partnership dissolution and its effects, requirements for the registration of business names, discharge of negotiable instruments, and principle of contribution under insurance law.

Only about 40% of candidates' attempted the question and general performance was below average as pass rate was 30%. Candidates' major pitfall was their shallow understanding of conditions for registration of business names, discharge of negotiable instruments, and insurance principle of contribution.

Candidates are advised to read the ATSWA study text very deeply.

THE ASSOCIATION OF ACCOUNTANCY BODIES IN WEST AFRICA



**ACCOUNTING TECHNICIANS SCHEME, WEST AFRICA
SEPTEMBER 2021 EXAMINATIONS (PART II)**

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.

TUESDAY, 29 SEPTEMBER, 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 – SEPTEMBER 2021**

COMMUNICATION SKILLS

Time allowed: 3 hours

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

ATTEMPT ALL QUESTIONS

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

1. Which of the following is **NOT** a method of speech delivery?
 - A. Impromptu Speech
 - B. Extemporaneous Speech
 - C. Step-by-step Speech
 - D. Speaking from Memory
 - E. Speaking from a Manuscript

2. Which of the following is **NOT** a phrase?
 - A. The umbrella
 - B. Good people
 - C. On the table
 - D. Come home
 - E. Nice film

3. In an organisation, the purpose of writing is mainly to
 - A. Persuade only
 - B. Entertain only
 - C. Inform only
 - D. Inform and persuade
 - E. Entertain and inform

4. Pictures, slides, films fall under
 - A. Reporting
 - B. Body language
 - C. Audio-visual communication
 - D. Visual communication
 - E. Oral communication

5. Salutation in letter writing
 - A. Comes at the end of the letter
 - B. Comes above inside address
 - C. Begins at the left hand margin of the letter
 - D. Comes in the body of the letter
 - E. Forms part of the conclusion of the letter
6. Which of the following is **NOT** an element of speech making?
 - A. Appropriateness
 - B. Preparation
 - C. Clarity
 - D. Adequacy
 - E. Fluency
7. Which of the following is **NOT** a principle of effective speaking?
 - A. Use of gestures
 - B. Use of vocal resource
 - C. Appropriate posture
 - D. Use of placards
 - E. Use of humour
8. The list of the items of the business to be transacted at the meeting is
 - A. Invitation
 - B. Minutes
 - C. Resolution
 - D. Agenda
 - E. Circular
9. A short witty saying that is usually made more effective with the use of antithesis is
 - A. Imagery
 - B. Rhythm
 - C. Epigram
 - D. Paradox
 - E. Irony
10. The official record of the proceedings, actions and decisions reached at a formal meeting is
 - A. Minutes
 - B. Notice
 - C. Bulletin
 - D. Circular
 - E. Report

11. An official statement issued by an organisation through the media for public consumption is
- A. News release
 - B. Press release
 - C. Panorama
 - D. Programme
 - E. Video conferencing
12. Which of the following is a symbol for ellipsis?
- A. ;
 - B. –
 - C. ...
 - D. ?
 - E. ,
13. New goals and policies can bring about conflict between
- A. Managers and administrators
 - B. Management and employees
 - C. Workers and administrators
 - D. Directors and administrators
 - E. Government and managers
14. Which of the following is used as signals by the writer to guide the reader?
- A. Word selections
 - B. Markers
 - C. Appendices
 - D. References
 - E. Punctuations
15. An administrative panel report is usually initiated by
- A. A local government.
 - B. An international organisation
 - C. A constituted authority
 - D. An academic outfit
 - E. A national company
16. Which of the following is **NOT** a type of conflict that exists in an organisation?
- A. Interpersonal conflict
 - B. Intrapersonal conflict
 - C. Property conflict
 - D. Group conflict
 - E. Inter-organisational conflict

17. Which of the following is **NOT** required for choosing a channel in communication?
- A. Cost
 - B. Distance
 - C. Conception
 - D. Speed
 - E. Convenience
18. Which of the following does **NOT** impact on the receiver's understanding in a communication process?
- A. Attitude
 - B. Emotions
 - C. Knowledge level
 - D. Recipient's interests
 - E. Breakthrough
19. Which of the following is used for listing of items?
- A. Colon
 - B. Comma
 - C. Hyphen
 - D. Full stop
 - E. Semi-colon
20. Which of the following is **NOT** a barrier to effective listening?
- A. Concentration
 - B. Speech lag
 - C. Distractions
 - D. Dislike of the speaker
 - E. Emotional disturbance

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

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

1. In speech making, notes serve as
2. A group of words, often without a finite verb, forming part of a sentence is a(n)
3. The process of finding out what the audience already knows about the subject of a speech to be presented is called
4. Face-to-face interaction is an example of communication.
5. Bread, butter and tea my favourite food
6. The term used when additional information is written after a letter has been closed is called
7. The punctuation mark used at the end of a sentence to express a strong feeling is known as
8. The refusal of a party to cooperate with the other party involved in a conflict resolution is called
9. "Highest", "Greatest", "Biggest" are examples of adjectives
10. Those who are involved in a conflict are referred to as
11. A statement that is capable of having more than one interpretation or meaning is said to be
12. Another word for message distortion in the channel of communication is Or
13. The Shannon and Weaver model of communication illustrates a system of communication.
14. Rapid survey, as a reading strategy, is also referred to as
15. When I arrive at the hotel, I will you.
16. Another term for enunciation is
17. When listening, one should not allow to influence the process.
18. Formal speeches call for mode of address, choice of words, timing and
19. Collaborating is a conflict management style that requireson the part of the parties involved.
20. A speaker moving among the audience helps listeners to stay during the speech presentation.

SECTION B:**COMPULSORY****(30 Marks)****QUESTION 1****SUMMARY**

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

A child who is unable to adapt properly into his environment is referred to as maladjusted child. Many types of maladjusted children are found in our classroom. The symptoms they show include bullying, cheating, lying, truancy, laziness, rudeness, nervousness, shyness, whispering, restlessness, disobedience, domineering, destroying school property, etc.

The child's behaviour depends on whether his physical, social and personality needs are satisfied. Every child, in order to develop in a normal and wholesome manner, must achieve reasonable satisfaction of his basic needs. A child becomes maladjusted if these needs are unsatisfied.

Children who come from homes which have been broken by death, desertion, and separation are more often maladjusted than children who come from more stable homes. It is, of course, the insecurity caused by the breaking of the home that has bad effect upon children. Homes which are not broken but in which there is much parental conflict also provide more than their quota of nervous, unhappy, problem children.

There is a close connection between poverty and personal maladjustment. Not all children who come from under privileged homes are problem by any means, but statistically speaking, low-social economic status breeds conditions unfavourable to sound adjustment. For instance, a child who is not well fed may be tempted to steal.

Many children come from homes where they are neither loved nor valued by their parents. Such treatment threatens the child's need for affection and security and may leave him feeling helpless and alone, the forms that parental rejection may take are many. These include neglect of the child; with-holding gifts from the child; humiliating him before other people and comparing him unfavourably with other children in the family. Children who are rejected by their parents may be restless. Although teachers are not in a position to do much to alter parent-children relationship, they can do much to make children feel accepted, loved and significant when at school.

Just as children may be rejected, they may be over-indulged by their parents. The child may eat whenever or whatever he wants or may have any material object he desires. The children who are over-indulged show numerous characteristic behaviour traits. These include selfishness, aggressiveness, lack of responsibility and general infantile behaviour. The over-indulged child has poor social adjustment. He is known as the child with bad

manners, the impolite child who will say saucy thing and who will be rude. He is also known as the undisciplined child and parents and teachers call him disobedient.

The overprotected child is greatly in need of socialisation. The school can do much to help him take responsibility and overcome his self-centred infantile behaviour. He will need sympathetic but firm and realistic treatment. Over a period of years, the over-indulged child through association with individuals outside the family may develop socially acceptable behaviour.

Teachers who are inadequately trained in psychology use stringent autocratic controls in their classrooms. Children who are impertinent or who show off are publicly humiliated and forced to make apologies. Children who play truant are required to stay after school. Children who lie or steal are accused and threatened with expulsion from school. The teacher's autocratic controls in the classrooms have the unfortunate effect in reducing children's resourcefulness and initiative.

A child who is physically and mentally inadequate for tasks which are expected of him is certain to experience frustration. The child who is crippled or disfigured has problems of adjustment to face which are more complicated than those of the average child. Children and adolescents are very sensitive about being different from what is considered typical or normal. They want to be like their peers. The teacher who can make each child feel significant regardless of whether is tall, short, crippled, or disfigured can do much to alleviate inferiority feelings created by what the child may be considered to be personal inadequacies.

(Adapted from *Principles and Practice of Education for Grade II Colleges*
By Bayo Obiwusi pp. 120-121).

- a. Give the passage a title. (1 Mark)
- b. In **ONE** short sentence give the author's definition of a maladjusted child. (2 Marks)
- c. In **THREE** short sentences, one for each, state the three causes of broken homes. (3 Marks)
- d. In **ONE** short sentence state what the writer says about close connection between poverty and maladjustment. (2 Marks)
- e. In **FOUR** short sentences, one for each, state the four forms of parental rejection. (4 Marks)
- f. In **ONE** short sentence, state the effect of broken home on children. (2 Marks)
- g. In **THREE** short sentences, one for each, state the three roles teachers can perform to assist maladjusted children. (6 Marks)

- h. In **TWO** short sentences, state the two effects of teachers' autocratic controls have on overprotected children. (2 Marks)
 - i. In **TWO** short sentences, state what the overprotected children need to overcome their problem in school. (2 Marks)
 - j. In **ONE** short sentence, state what the school can do to help maladjusted children. (2 Marks)
 - k. In **TWO** short sentences, one for each, state what parents can do to help maladjusted children. (4 Marks)
- (Total 30 Marks)**

SECTION C ANSWER ANY TWO QUESTIONS (30 Marks)

QUESTION 1

A new Chief Accountant has just assumed duties upon the termination of the appointment of the former Chief Accountant due to his inability to manage conflict in your unit. As the oldest member of staff in the unit, in terms of years of service, the new Chief Accountant approached you for advice in managing conflicts in the unit.

In response to his request.

- a. Enumerate **FIVE** important sources of conflict he needs to know for a start. (5 Marks)
 - b. Explain briefly the **FIVE** conflict management styles he should know. (10 Marks)
- (Total 15 Marks)**

QUESTION 2

The Accounting Bodies in West Africa (ABWA) is organising an essay competition on current affairs. It has chosen the topic: COVID-19: AN ACCOUNTANT'S PERSPECTIVE. The best essay is to be published in its house journal.

Required:

Write out your essay. **(Total 15 Marks)**

QUESTION 3

Every communicator adopts a medium or a combination of media at any given time when he/she wants to communicate.

Required:

- a. List the **THREE** media of communication. (3 Marks)
 - b. Discuss briefly the **THREE** forms of verbal communication. (12 Marks)
- (Total 15 Marks)**

QUESTION 4

- a. List the features of a formal letter. (5 Marks)
 - b. Explain briefly the position of each of these features in the letter. (10 Marks)
- (Total 15 Marks)**

SECTION A

PART 1 MULTIPLE-CHOICE SOLUTION

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

EXAMINER'S COMMENT

This section is compulsory for all candidates, so every candidate attempted all the questions. The performance was very good as about 70% of the candidates scored 50% and above of the allocated marks. Candidates can do better if they familiarise themselves more with the concepts and terms as contained in the syllabus. They should also make use of ICAN's study pack, past question papers and solutions.

PART II SHORT- ANSWER SOLUTION

1. Reminders/Memory aids
2. Phrase
3. Audience analysis
4. Oral
5. Is
6. Postscript
7. Exclamation
8. Competing
9. Superlative
10. Parties/Contenders
11. Ambiguous
12. Interference/Noise
13. One-way/Linear
14. Scanning
15. Call
16. Articulation
17. Bias
18. Composure
19. Trust
20. Attentive/Alert

EXAMINER'S COMMENT

This is also a compulsory section for all candidates. The performance of the candidates was poor as only about 35% of them scored 50% and above of the allotted marks. The poor performance was due to candidates' inability to master the technical concepts and terms in the various aspects of the syllabus. For the candidates to perform better in future examinations, they should study the concepts and terms associated with the subject. They should also make use of ICAN's study pack, past question papers and solutions as well as other relevant books on the subject.

SECTION B

SOLUTION 1

- a. Maladjusted children
- b. A maladjusted child is a child that cannot fit/conform properly/well into his environment.
- c.
 - i. Broken home is caused by death of parents.
 - ii. Broken home is caused by desertion by parents.
 - iii. Broken home is caused by separation of parents.
- d. Low economic status of parents may lead to maladjustment in children.
- e.
 - i. Parents reject their children.
 - ii. Parents withhold giving gifts to their children.
 - iii. Parents disgrace their children in front of other people.
 - iv. Parents unfavourably compare their children with other children in the family.
- f. Broken homes result in the insecurity of children/ Broken homes make children insecure.
- g.
 - i. Teachers can make maladjusted children feel accepted in school.
 - ii. Teachers can make them feel loved in school.
 - iii. Teachers can make them significant in school.
- h.
 - i. Teachers' autocratic controls reduce the overprotected children's resourcefulness.
 - ii. Teachers' autocratic controls reduce the overprotected children's initiative.
- i.
 - i. The overprotected children need sympathy.
 - ii. The overprotected children need firm and realistic treatment.
- j. i. The school can help the maladjusted children to take responsibility.
- k. i. Parents can help the maladjusted children through humane treatment.

- ii. Parents can help the maladjusted children by allowing them to relate with others outside the family.

EXAMINER'S COMMENT

This section is compulsory so every candidate attempted it. The question is designed to test candidates' understanding of reading for information. Though the passage was set to test summary writing as the questions at the end of the passage had shown, it was captioned "comprehension". The candidates did not lose anything by this difference. Candidates' performance was good as 60% of them scored 50% and above of the allocated marks.

Candidates' shortcomings included:

- i) Inability to understand the main points of the passage;
- ii) Unable to follow instruction;
- iii) Poor use of language;
- iv) Inability to understand the demands of the questions

Candidates can do better in future examinations if they :

- i) Learn how to read for main points of a passage;
- ii) Follow instructions;
- iii) Are able to differentiate between the techniques of answering comprehension and summary questions.
- iv) Make use of ICAN's materials such as the study pack, past question papers and solutions.

SECTION C

SOLUTION 1

- a. Sources of conflict in organisation.
 - i. Money.
 - ii. Rate of pay for jobs.
 - iii. Goals.
 - iv. Environmental factors.
 - v. Authority and power.
 - vi. Nature of work.
 - vii. Cultural differences.
 - viii. Individual differences.
 - ix. Clashes of interest.

- x. Social Change.
- xi. Conflicting roles.
- xii. Unpredictable policies.
- xiii. Different personal values.

b. Conflict management styles

- i. Accommodating: In this style, one party cooperates with the other party in the dispute with a view to solving the conflict. This shows willingness to meet the needs of the other party at the expense of his/her need. This approach may not give the best outcome.
- ii. Avoiding: This is when one party simply avoids the issue involved in the conflict. This style is adopted when the atmosphere around the conflict is charged and there is need to cool off.
- iii. Collaborating: Here, one party partners with the other to achieve their goal of resolving the conflict. It requires trust on the part of both parties involved. It encourages sharing of ideas in order to find the solution to the issue that led to the conflict.
- iv. Competing: This is when one refuses to cooperate with the other party in finding solution to the conflict. Here, each party pursues his/her own goal, resisting pressure from the other party to submit. In this situation, the conflict may never be resolved.
- v. Compromising: This is where neither party achieves its aim. In this situation, each party is expected to sacrifice personal goals to achieve the ones they agree upon. In this situation, no party is at a loss.

EXAMINER'S COMMENT

The question is to test candidates' knowledge of sources of conflict and conflict resolution styles in organisations. About 10% of the candidates attempted this question. The performance was very poor as about 25% of them scored 50% and above of the allotted marks.

Candidates' shortcomings included:

- i) Inability to identify sources of conflict in organisations.
- ii) Lack of knowledge of conflict resolution styles.

Candidates can better their performance in subsequent examinations if they familiarise themselves with the part of the syllabus that deals with Organisational Ethics. In addition, they should make use of ICAN study pack, past question papers and solutions.

SOLUTION 2

COVID-19 PANDEMIC IN NIGERIA; AN ACCOUNTANT'S PERSPECTIVE

An unknown virus causing pneumonia came into being in the city of Wuhan, China, in December 2019. The disease was named Coronavirus, COVID-19 for short. It was described as an infectious disease caused by severe acute respiratory syndrome. Within a short time, it spread to about two hundred nations of the world, killing several thousands out of hundreds of thousands of confirmed cases. Beyond the health crisis and the human casualties, the resultant economic paralysis had come at a high cost to the global economy, particularly to the Nigerian economy.

The Federal Government of Nigeria responded to the situation with a lockdown of all borders, airports and sea ports. Inter- and intra-city movements were banned, excepting some essential service providers such as doctors, nurses, journalists, petroleum products distributors, and farm products sellers. Other nations equally locked down to prevent the spread of coronavirus. This policy practically shut down the economy; workers stayed at home; businessmen and women kept away from their businesses. Places of worship and markets, except food markets, were locked down.

This condition was worrisome to anybody. Jobs were lost as employers cannot afford to pay for the protracted hours of idleness occasioned by the lockdown. Food prices rose as stocks diminished by the day. Goods were not flowing in as ports and borders were closed. All economic activities were at a virtual standstill. Importation and exportation were at a lull. There is oil glut in the world market and our foreign exchange was getting used up and there was no corresponding addition to our external reserve as the market price had dipped below \$25 per barrel from the budgeted benchmark of \$57 per barrel.

Apart from the diminishing income from foreign exchange, criminality had compounded the crisis of the pandemic. The unemployed, the daily income workers like drivers and conductors, tailors, auto-mechanics, electricians, petty traders, motorcycle riders and so on could not practise their trades. and professional miscreants came together in gangs to raid

and harass law-abiding citizens day and night as a result of the troubling hunger engendered by the lockdown.

From the above scenario, any accountant worthy of that tag, would know that the budget plan for the year would not work. The budget would have to be adjusted or the country would have to borrow to make up for the massive deficit. The accountant should also be concerned with how the expenditure on Covid-19 was accommodated in the current budget since the budget came into effect before the advent of the pandemic. Equally important and of interest to the accountant was how the various donations from organizations, business groups and many individuals to support the fight of the virus were managed and disbursed.

In summary, Covid-19 was a global disaster whose end could not be immediately determined. The Institute of Chartered Accountants of Nigeria would have to get involved in the fiscal management of the nation's dwindling resources. The Institute should work hands in gloves to combat this national emergency.

EXAMINER'S COMMENT

The question is to test candidates' knowledge of current affairs and essay writing. The question was not popular among candidates. Less than 10% of the candidates attempted the question. Their performance was average as about 45% of them scored 50% and above of the allocated marks.

Candidates' shortcomings were :

- i) Lack of knowledge of what was happening in their environment.
- ii) Inability to express themselves in good English.
- iii) Lack of knowledge of the structure of essay writing.

Candidates will do better in future examinations if they:

- i) Study well the section that deals with essay writing in the syllabus.
- ii) Familiarise themselves with everyday issues in the society.
- iii) Practice essay writing from time to time.

SOLUTION 3

a. The three media of communication are:

- i. Written Communication
- ii. Verbal Communication
- iii. Non-verbal Communication

bi. Meetings

Meetings are the gathering together of two or more people to discuss matters of common interest for the purpose of taking appropriate decisions or formulating policies. Meetings can be formal, informal, or statutory. Meetings are normally held for specific purposes such as coordinating activities, source of information dissemination, discussion of ideas and/or plans and reaching critical decisions.

Meetings are normally governed by rules laid down by the authority convening the meeting. The leader of a meeting is referred to as the chairman while the record keeper is known as the secretary. Some of the technical terms associated with meetings are quorum, agenda, point of order, veto, proxy, motion and voting.

ii. Interviews

An interview is a face-to-face conversation organised by organisations with the aim of eliciting information from a person or persons within the shortest time possible. In business, interviews are used for different purposes such as recruitment, resolving management-staff relations issues, grievances, complaints or disciplinary issues. They are useful for organisational decision making.

iii. Telephony

With technological advancement, the telephone has become one of the fastest and most common methods of verbal communication. It connects people at great distances apart and achieves what a face-to-face interaction will achieve and get immediate feedback. In today's world, people can be at different places and still commune face-to-face via telephone connections on video calls or voice calls. It has even become possible for several people to be connected at the same time via group video or voice calls.

EXAMINER'S COMMENT

The question is designed to test candidates' knowledge of media of communication and forms of verbal communication. About 80% of the candidates answered the question. The performance was above average as about 55% scored 50% and above of the allotted marks.

Candidates' shortcomings included:

- i) Inability to know what media of communication are.

- ii) Inability to identify the three forms of verbal communication.
- iii) Poor use of language.

Candidates should familiarise themselves with the chapter on media of communication in the syllabus, use ICAN study materials like study pack, past question papers and solutions for better performance in subsequent examinations.

SOLUTION 4

- a. Features of formal letters:
 - i. Correspondent's address.
 - ii. Date.
 - iii. Recipient's address.
 - iv. Salutation.
 - v. Subject Matter.
 - vi. Body of the letter.
 - vii. Complimentary Close.
 - viii. Signature of the writer.
 - ix. Name of the writer.
 - x. Designation/Position of the writer.
- b. Positions of the features
 - (i) Correspondent's Address- This is usually on the top right hand side of the writing sheet. It can also be part of the letter head of the organisation. It can be indented or in block form.
 - (ii) Date- This comes below the correspondent's address.
 - (iii) Recipient's address- This is placed at the left hand side of the writing sheet the line below the date.
 - (iv) Salutation- This is immediately below the recipient's address.
 - (v) Subject Matter- This follows below the salutation. This indicates what the letter is all about.
 - (vi) Body of the letter –This is the content of the letter. It comes under the subject matter of the letter.
 - (vii) Complimentary Close –This is the subscription coming after the last paragraph. of the letter. It is usually on the right hand side or on the left hand side if the block paragraphing format is employed. In a formal letter, it is usually written as "Yours faithfully".
 - (viii) Signature of the writer – This is placed under the complimentary close or subscription.

- (ix) Name of the writer – This comes immediately after signature. The name of the writer should be written in full: surname first and other names or initials.
- (x) Designation or Position of the writer –Immediately after the name of the writer comes his/her designation or position he/she holds in the organisation like Managing Director, Human Resources Manager or Chief Accountant, etc.

EXAMINER'S COMMENT

The question is to test candidates' understanding of formal letter writing. About 80% of them attempted the question. Their performance was good as about 65% of them scored 50% and above of the marks allocated. Candidates had a fair understanding of the features of a formal letter but their major shortcoming was the determination of the positions of these features in a letter. If the candidates want a better performance in this aspect of the syllabus in future examinations, they should practice letter writing frequently, study this section in the ICAN study pack and make use of past question papers and solutions.