

INSIGHT

EXAMINERS GENERAL COMMENTS

BREACH OF EXAMINATION INSTRUCTIONS

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

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

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

INADEQUATE COVERAGE OF THE SYLLABUS

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

INSIGHT

FOREWORD

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

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

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

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



NOTE

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

CONTENTS

PAGE

INSIGHT

BASIC ACCOUNTING PROCESSES AND SYSTEMS - 27	1
ECONOMICS	28 – 49
BUSINESS LAW	50 – 68
COMMUNICATION SKILLS - 89	69

INSIGHT

AT/131/PLI

**ASSOCIATION OF ACCOUNTANCY BODIES IN WEST AFRICA
ACCOUNTING TECHNICIANS SCHEME WEST AFRICA
PART I EXAMINATIONS - MARCH 2013
BASIC ACCOUNTING PROCESSES & SYSTEMS**

Time Allowed: 3 hours

**SECTION A: PART I
Marks)**

ATTEMPT ALL QUESTIONS

(30

MULTIPLE-CHOICE QUESTIONS

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

- Samson received a cheque for GHC6,000 from J. Chukwu. He credited the GHC6,000 to the account of J. Chukudi in error. Samson has made a/an
 - Compensating error
 - Error of commission
 - Error of principle
 - Error involving the complete reversal of entries
 - Error of original entry
- Extracts from Omega Limited's books of Accounts show:
Accounts Receivables at 31/12/2011 ₦39,000
Accounts Receivables at 31/12/2012 ₦42,622 (of which ₦1,570 were bad)
Provision for bad debts at end of each year shall be 4%.
How much was charged to the Income Statement in 2012?
 - ₦82
 - ₦144.80
 - ₦1,497.20
 - ₦1,642.08
 - ₦1,704.80
- On 1 January 2011, Patience paid an insurance premium of L\$6,250 for 15 months to 31 March 2012. When she prepared her Income Statement for the year to 31 December 2011, Patience debited only L\$5,000 of the insurance premium to the account and carried the balance of L\$1,250 forward to 2012.
This is an example of the concept of
 - Going concern
 - Matching
 - Prudence
 - Realisation
 - Periodicity
- The total of the Sales Day Book for one month is Le91,600. It has been entered in the Sales Account as Le96,100. The error must be corrected by debiting..... and crediting..... with Le4,500

INSIGHT

- A. Sales Account, Sales Day Book Account
 - B. Sales day Book, Sales Account
 - C. Sales Account, Suspense Account
 - D. Suspense Account, Sales Account
 - E. Sales Day Book, Suspense Account
5. At 1 July 2011, Mallam Jubril's Receivables amounted to ₦60,500. In the year to 30 June 2012, he received ₦317,500 from debtors and allowed them settlement discounts of ₦17,130. At 30 June 2012, his Receivables totalled ₦73,125. Jubril's sales for the year
- A. ₦312,995
 - B. ₦322,004
 - C. ₦330,625
 - D. ₦347,255
 - E. ₦433,995
6. A private limited company **CANNOT**
- A. Issue bonus shares
 - B. Increase its share capital
 - C. Make rights issue
 - D. Offer its shares to the public
 - E. Distribute its profit to members
7. Prime Cost **INCLUDES**
- A. Cost of oil to lubricate machines
 - B. Carriage inwards
 - C. Factory heating and lighting
 - D. Storekeeper's wages
 - E. Supervisor's salary
8. The Income Statement of a manufacturing company will **NOT** include an annual depreciation charge for
- A. Delivery vehicles
 - B. Factory machinery
 - C. Office machinery

 - D. Land
 - E. Office furniture
9. Which of the following items does **NOT** appear in both the Income Statement and the Balance Sheet?
- A. Net Profit
-
-

INSIGHT

- B. Uncollectable (bad) debt
C. Expenses incurred but not yet paid for
D. Value of goods sold on credit for which payment is still owed
E. The cost of goods purchased but not yet sold by the business
10. Current Assets are expected to be converted into cash within
- A. One month
B. Three months
C. Twelve months
D. Nine months
E. One week
11. Which of the following is **NOT** a feature of private companies?
- A. The names of the companies end with Limited.
B. By law, they are required to file tax returns.
C. By law, they are required to file annual returns/renew registration.
D. They can be listed on a recognised Stock Exchange.
E. They are easy and inexpensive to set up
12. Which of the following items is **NOT** found in a Sales Ledger Control Account?
- A. Cash paid to debtors
B. Dishonoured bills
C. Dishonoured cheques
D. Discounts allowed to debtors
E. Trade discounts
13. Which of the following details is **NOT** stated on a bank Pay-in-slip?
- A. Cash Book balance
B. Account Number
C. Payer's name and signature
D. Payer's telephone number
E. Note and coin denomination

Use the information below to answer questions 14 to 16 below:

The pay records of Kojo Anto for the month of January, 2012 show the following:

Basic Salary	GHC100,000
PAYE Tax Rate	12½%
Social Security Contribution:	
Employee	5% of basic salary

INSIGHT

Employer Contract addition	10% of basic salary GHC 15,000 per month (net of tax)
-------------------------------	--

14. What is the amount of total deductions from Kojo Anto's basic salary for January 2012?
- A. GHC 10,000
 - B. GHC 12,500
 - C. GHC 15,000
 - D. GHC 25,000
 - E. GHC 17,500
15. The total amount of Social Security Contributions to the credit of Kojo Anto for January 2012 is
- A. GHC 5,000
 - B. GHC 10,500
 - C. GHC 15,000
 - D. GHC 22,500
 - E. GHC 25,000
16. What is the net salary paid to Kojo Anto for January 2012?
- A. GHC 90,000
 - B. GHC 97,500
 - C. GHC 102,500
 - D. GHC 104,500
 - E. GHC 112,500
17. The following measures are necessary to control a company's inventory **EXCEPT**
- A. Keep the store tidy and secure.
 - B. Maintain a bin card
 - C. Take stock at regular intervals
 - D. Keep a proper cash book
 - E. Install burglar proof
18. The double entry postings to close the Drawings Account is
- A. Debit Cash, Credit Drawings
 - B. Debit Capital, Credit Drawings
 - C. Debit Drawings, Credit Cash
 - D. Debit Drawings, Credit Purchases
 - E. Debit Drawings, Credit Income Statement

INSIGHT

19. The Journal is **NOT** used for
- A. Correction of errors
 - B. Recording trade discount
 - C. Transfers from one account to another
 - D. Recording Non-current Assets bought on credit
 - E. Opening and closing entries

20. Which of the following is **NOT** a Capital expenditure?
- A. Payment for raw materials
 - B. Acquisition of land
 - C. Cost of acquisition of patent rights
 - D. Goodwill purchase
 - E. Purchase of Plant and Machinery

Use the following information to answer questions 21 and 22

Achafo sold goods worth L\$ 750,000 to Kute subject to a trade discount of 2½%. In addition, Achafo offered a discount of 5% to Kute if he made payment within 30 days.

21. How much is the total sales value made by Achafo?
- A. L\$693,750
 - B. L\$694,688
 - C. L\$712,500
 - D. L\$731,250
 - E. L\$750,000
22. How much was paid to Achafo, if Kute paid on the 20th day?
- A. L\$750,000
 - B. L\$731,000
 - C. L\$712,500
 - D. L\$694,687
 - E. L\$693,750
23. Which of the following expenditure items is **NOT** an administration expense?
- A. Rent and Rates
 - B. Telephone and Postage
 - C. Insurance
 - D. Interest on loan
 - E. Heating and Lighting
24. The total of the discounts column on the debit side of a Cash Book is posted to
- A. The debit of the discounts received A/c
 - B. The credit of the discounts received A/c
 - C. The debit of the discounts allowed A/c

INSIGHT

- D. The credit of the discounts allowed A/c
E. The debit of the discount disbursed A/c
25. The following are examples of public corporations **EXCEPT**
- A. Nigerian Institute of Management
 - B. Gambian Tourism Authority
 - C. Liberian Electricity Corporation
 - D. Liberian Ports Authority
 - E. Ghana National Petroleum Corporation
26. Which of the following is a description of a Credit Note?
- A. A document authorising payment for a particular expense or service
 - B. A document issued for goods returned by the buyer or refunds to him when he is overcharged
 - C. A document prepared whenever it becomes necessary to increase the amount due from a debtor
 - D. A document made out by the seller to the buyer for goods sold
 - E. A document issued as evidence that goods dispatched are received in good condition and meet specifications.
27. The following measures are necessary for proper control over cash, **EXCEPT**
- A. Deposit cash in the bank daily
 - B. Make all payments (except petty cash) by cheque
 - C. Separate the function of receiving cash from maintaining records of cash
 - D. Offer cash discounts, always
 - E. Let all payments be checked and approved by a responsible officer
28. The following information was extracted from the books of TAMALE Club

Subscriptions in arrear	January 1, 2012	Le 50,000
Subscriptions in advance	December 31, 2012	30,000
Subscriptions received	(Jan – Dec. 2012)	280,000

What is the amount of subscription to be credited to the Club's Income and Expenditure Account for the year 2012?

- A. Le200,000
- B. Le260,000
- C. Le280,000
- D. Le300,000

INSIGHT

- E. Le360,000
29. Which of the following is **NOT** an input feature of Purchases in computer application?
- A. Cash payments
 - B. Adjustments
 - C. Purchase Invoices
 - D. Time sheets
 - E. Credit Notes
30. Under IFRS, the contents of an organisation's financial statements **EXCLUDE** which of the following?
- A. Statement of cash flows
 - B. Statement of comprehensive income
 - C. Statement of changes in equity
 - D. Notes to the financial statements
 - E. Report of the audit committee

SECTION A: PART II
Marks)

ATTEMPT ALL QUESTIONS

(20

SHORT-ANSWER QUESTIONS

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

1. The Italian monk and mathematician who wrote the first book connected with the introduction of double entry book-keeping in 1494 is.....
2. What is the full meaning of the acronym IFRS in relation to accounting?
3. An obligation to pay amounts owed to third parties other than the owner is called.....

Use the following information to answer questions 4 and 5 below.

A Company purchased Property Plant & Equipment at a cost of ₦50,000. Its expected useful life is 3 years and its estimated residual value is ₦10,800. The Company wishes to use the reducing balance method to depreciate the asset and calculates that the rate of depreciation should be 40% of the reducing value of the asset.

4. What is the total depreciable amount?
5. What is the Net book value at the end of year 2?
6. Another name for the general ledger is.....
7. Goods taken by the owner of a business for his own use are usually charged to drawings account at.....price.

INSIGHT

8. When posting to a ledger account what word is normally used by the book-keeper to indicate the fact that there may have been general entries making up the figure shown?
9. Under IFRS, Balance Sheet is called.....
10. A Cash Book that has columns for Discounts, Cash and Bank is referred to as a.....Cash Book
11. The explanation made for each entry in the journal without which the origin of and reason for the entry might not be readily apparent is known technically as.....
12. The official of a club with the duty of keeping the accounting records of the club is called.....
13. The Cash Account of clubs and societies is known as.....
14. When a cheque is lost or stolen, the owner of the cheque should issue a on the bank.
15. The cash dispenser which is used to enable customers enjoy the facility of withdrawing from their accounts without coming in contact with the bank teller is known as.....
16. The system for determining wages and salaries paid to each employee which is dependent on his or her level of output, performance, or services rendered is termed.....
17. A trader terms his revenue account as Income Statement but a non-trading organisation uses the term.....
18. An amount set aside out of profit for a specific purpose is known as.....
19. The process of adding up all the respective debit and credit entries by a book-keeper and deducting one total from the other to arrive at the net balance is referred to as.....
20. For a manufacturing business, the total of direct materials costs, direct labour costs and other direct expenses is known as.....

SECTION B:
Marks)

ATTEMPT ANY FOUR QUESTIONS

(50

INSIGHT

QUESTION 1

Accounting standards are set by the accountancy profession. The most important aspect of the standard setting process occurs at the international level through the IASB.

You are required to:

- a. State the main roles of the International Accounting Standards Board (IASB) (9 Marks)
- b. Briefly describe the standard setting process usually adopted by the Board

(3½ Marks)

(Total 12½ Marks)

QUESTION 2

On 1 April 2012, G. Achampong sets up a business with a capital of GHC150,000, made up of Plant and Machinery GHC100,000, Furniture and Fittings GHC20,000 and the rest in cash which he banked, except GHC2,500.

The following transactions were recorded during the month:

- | | |
|----------|---|
| April 2 | Bought goods for resale on credit from R. Samson, valued GHC5,650 |
| April 5 | Paid rates GHC1,500, electricity GHC350, all by cheque |
| April 9 | Bought materials for use in making up goods for resale, by cheque GHC12,500. |
| April 15 | Sold in cash GHC4,800, Sold on credit to K. Michael GHC1,500. |
| April 17 | Paid for postage GHC550 cash, travelling expenses GHC420 cash, and bought goods for resale, GHC27,500 on credit from R. Jones. |
| April 28 | Sent invoice to B. Morison for goods sold to him on credit GHC5,000. Receives invoice from D. Mowe for goods supplied by him for resale GHC4,500. |

You are required to:

Open necessary accounts, record the transactions and extract a Trial Balance on 30 April 2012. (12½ Marks)

QUESTION 3

Accounting developed through many stages from a period when the stewardship function was most important to a period when the user and predictive function became important.

You are required to:

INSIGHT

a. Give a brief historical development of accounting to support the above statement.
(6½ Marks)

b. Briefly describe **SIX** users of accounting information and their requirements.
(6 Marks)

(Total 12½ Marks)

QUESTION 4

a. Explain **THREE** purposes of providing for depreciation (6 Marks)

b. State **THREE** factors to be taken into account in arriving at the annual depreciation charge for an asset. (3 Marks)

c. Illustrate the reducing balance method for depreciation of an asset, using the following information: cost of asset is ₦150,000, rate of depreciation is 10% per year, period is three years, and residual value is ₦5,000. (3½ Marks)

(Total 12½ Marks)

QUESTION 5

Distinguish between the following pairs:

a. Capital Expenditure and Revenue Expenditure. (4½ Marks)

b. Cash discounts and Trade discounts (4 Marks)

c. Carriage inwards and Carriage outwards (4 Marks)

(Total 12½ Marks)

QUESTION 6

At the end of a trader's financial year, an extract of the trial balance revealed the following information:

	L\$
Purchases	202,500
Purchases Returns	15,000
Sales Returns	4,500
Inventory at the beginning of year	243,000
Wages	162,000
Office expenses	37,500
Carriage outwards	12,000
Sales	462,000
Carriage inwards	10,050
Discount allowed	9,000
Factory Premises	300,000

INSIGHT

Additional information:

- i. The inventory at the end of the year was valued at L\$270,000.
- ii. During the year, the trader carried out some extensions to the factory premises. The extensions were undertaken by his workmen, who had used materials taken from inventory. Wages paid in connection with the extensions amounted to L\$18,000 and the materials used from stock were valued at L\$12,000.

You are required to prepare:

- a. Journal entries in connection with the extensions. (2 Marks)
 - b. Factory Premises Account. (2 Marks)
 - c. Income Statement for the year. (8½ Marks)
- (Total 12½ Marks)**

SUGGESTED SOLUTIONS

SECTION A

PART I MULTIPLE-CHOICE QUESTIONS

1. B
2. D
3. B
4. C
5. D
6. D

INSIGHT

- 7. B
- 8. D
- 9. B
- 10. C

WORKINGS

(i)

	N
Accounts Receivable 3/12/12	42,622.00
Deduct Bad debt	<u>1,570.00</u>
	<u>41052.00</u>

Provision 4% x N 41,052.00	<u>1,642.08</u>
---------------------------------------	-----------------

QUESTION 5

	N	
Amount received from debtors	317,500	
Add: Settlement discount	<u>17,130</u>	
		334,630
Add Receivable 30-6-2012		<u>73,125</u>
		407,755
Deduct: Receivable b/fwd 01-07-2011		<u>60,500</u>
		<u>347,255</u>

- 11. D
- 12. E
- 13. A
- 14. E
- 15. C
- 16. B
- 17. D
- 18. B
- 19. B
- 20. A

Question 14

INSIGHT

PAYE	12 1/2 %	
Social Security Contribution	5%	
	17 1/2%	X GHC 100,000
		= GHC <u>17,500</u>

Question 15

Total Social Security Contributions:

Employee	5%	
	<u>10%</u>	
	15%	X GHC 100,000
		= GHC 15,000

Question 16

Basic Salary		100,000
Less: PAYE (12 1/2 x 100,000)	12,500	
Social Security Contribution (5% x 100,000)	<u>5,000</u>	<u>17,500</u>
Add		82,500
Contract addition (net)		<u>15,000</u>
		<u>97,500</u>

21. D

22. D

23. D

24. C

25. A

26. B

27. D

28. A

29. D

30. E

Question 21

	L\$	
Gross Sales	750,000	
Less: Trade discount (2 1/2%)	<u>18,750</u>	
	<u>731,250</u>	

Question 22

	L\$	
Net Sales (as above)	<u>731,250.00</u>	

INSIGHT

Less: Settlement discount (5% x 731,250)	<u>36,562.50</u>
	<u>694,687.50</u>
Question 28	
	Le
Subscriptions Received	280,000
Less: Subscriptions in arrears Jan1, 2012	50,000
	230,000
Less Subscriptions in advance (31/12/2012)	<u>30,000</u>
Subscription for year	<u>200,000</u>

EXAMINER'S COMMENT

The questions covered the entire syllabus. Candidates attempted all the question on the whole. The candidates performed very well. The candidates scored over 20 of the 30 obtainable marks.

Candidates are advised to put in more effort in subsequent examinations.

SHORT-ANSWER SOLUTIONS

1. Luca Pacioli
2. International Financial Reporting Standards
3. Liabilities
4. ₦39,200 (₦50,000-₦10,800)
5. ₦18,000
6. Principal book of Account
7. Cost
8. Sundries
9. Statement of Financial Position
10. Treble-Column or Three-Column

Question 5

	₦
Cost	50,000
Depreciation(year) 40% x 50,000	<u>(20,000)</u>
NBV	30,000
Depreciation (Year 2) 40% x 30,000	<u>(12,000)</u>
	<u>18,000</u>

11. Narration

INSIGHT

12. Treasurer
13. Receipts and payments account
14. Stop payment order (or Countermand Notice)
15. Automated teller machine
16. Performance Related System
17. Income and Expenditure Account
18. Provision
19. Balancing the accounts
20. Prime Cost of production.

EXAMINER'S COMMENT

The question covered the syllabus.

The Short Answer Questions were all found to be well. Regrettably, candidates' performance was not good enough. 80% of candidates scored below average. Candidates should improve on their preparation for future examinations.

SOLUTION 1

The main roles of the International Accounting Standards Board (IASB) include:

- (i) To develop, in the public interest a single high quality, understandable and enforceable set of global accounting standards that require high quality, transparent and comparable information in financial statements and other financial reporting.
 - (ii) To help participants in the world's capital market and other users to make economic decision.
 - (iii) Promote the use and rigorous application of the standards
 - (iv) Bring about convergence of the National accounting standards and International accounting standards to high quality solutions
 - (v) To take account of the financial reporting needs of emerging economies and small medium-sized entities (SME).
- (b) Standard setting process

Standards are set by a process of consultation thus:

- Identifying an appropriate subject,
- Setting the agenda
- Establishing an advisory committee to recommend an appropriate treatment

INSIGHT

--	--	--	--	--	--

TRADE RECEIVABLE –B: MONSON					
2012		GHC			
April 1	Sales	50,000			

TRADE PAYABLE- R SAMSON				
2012		GHC		
April 1		April 2	Purchases	5,650

RATES ACCOUNT				
2012		GHC		
April 5	Bank	1,500		

ELECTRICITY ACCOUNT				
2012		GHC		
April 5	Bank	350		

PURCHASES ACCOUNT					
April		GHC	April		GHC
2	R. Samson	5,650	30	Balance c/d	50,150
9	Bank	12,500			
17	R. Jones	27,500			
28	D Mowe	4,500			
		50,150			50,150

SALES ACCOUNT					
April		GHC	April		GHC
30	Balance c/d	11,300	15	Cash	4,800
			"	K. Michael	1,500
			28	B. Monson	5,000
		11,300		Balance b/f	11,300
					11,300

TRADE RECEIVABLE – K. MICHAEL					
April		GHC			GHC

INSIGHT

15	Sales	1,500			

TRADE PAYABLE – R. JONES					
April		GHC	April		GHC
		1,500	17	Purchases	27,500

TRADE PAYABLE – D. MOWE					
April		GHC	April		GHC
			28	Purchases	4,500

TRAVELLING EXPENSES					
April		GHC			GHC
17	Cash	420			

POSTAGE					
April		GHC			GHC
17	Cash	550			27,500

ACHAMPONG TRIAL BALANCE AS AT APRIL 30, 2012

	DR GHC	CR GHC
Capital		150,00
Plant and Machinery	100,000	
Furniture and Fittings	20,000	
Bank	13,150	
Cash	6,330	
Purchases	50,150	
Rates	1,500	
Electricity	350	
Trade payable- R. Samson		5,650
- R Jones		27,500
Travelling Expenses		
Trade Receivables- K Michael	1,500	
Sales		11,300
Postages	550	
Trade Receivable – B Monson	5,000	
Travelling expenses	420	4,500

INSIGHT

Trade payable –D. Mowe

198,950

198,950

EXAMINER'S COMMENT

The basic principle of double entry is tested by the question. This is a very fundamental principle of book –keeping. Many candidates often take their knowledge of the principle for granted. The reality of the situation is that their practical understanding of the principle is shallow, and could be improved upon.

Over 90% of the candidates attempted this question, but only about 30% of the candidates got up to 50% of the mark.

Candidates are advised not to assume they have knowledge but prepare adequately for future examinations.

SOLUTION 3

(a) BRIEF HISTORICAL DEVELOPMENT OF ACCOUNTING

In the earliest times, the individual trader owned all the resources he used and was completely involved in all transactions. He therefore, knew all that seemed important about the business venture. But with the growth of employer/employee relations come the need for one to account for one's stewardship to higher authority. Records at this stage were merely rudimentary because there was no recognized monetary system.

INSIGHT

The first early work to be documented was done by Luca Pacioli, a mathematician in his book “Treatise of Book Keeping” published in 1494.

During the industrial revolution in Great Britain, professional accounting bodies, such as the Institute of Chartered Accountants of England and Wales (ICAEW) improved the development of accounting theories, methods and practice. However, the basic rules of double entry remain unchanged.

The spill over of the activities of ICAEW and other recognized foreign professional accounting bodies necessitated the establishment of the Institute of Chartered Accountants of Nigeria (ICAN) by an Act of Parliament NO15 of 1965. The Institute set professional code of ethics and practice for its members. Another accounting body known as the Association of National Accountants of Nigeria (ANAN) was established in Nigeria. The two bodies now regulate the accounting profession in Nigeria.

The ICAN saw the need to standardize accounting practice in Nigeria. This gave rise to the establishment of the Nigerian Accounting Standards Board (NASB) in 1982. The body is now being referred to as Financial Reporting Council of Nigeria (FRCN) establishment vide FRCN Act 2011.

(b) **USERS OF ACCOUNTING INFORMATION AND THEIR REQUIREMENTS.**

The users of accounting information and their information requirements include:

- (i) **Management:** Management are basically concerned with decisions relating to the running of the business and strategic planning for the future. They, therefore, require information
 - To analyse past results
 - To plan for the future (e.g.) preparation of budgets
 - To control the business.
- (ii) **Employees:** Employees are concerned with decisions on personnel matters, for example, promotion, appointments, job security and training
- (iii) **Investors and Potential Investors:** They require information the risks associated with the business and threat on investments and also compare their investments with alternative forms of investment.
- (iv) **Labour Unions:** Labour unions require information on the stability, profitability and distribution of wealth within the business.
- (v) **Lenders and Financial Institutions:** This class of users need information on the credit worthiness of the organization and its ability to repay loans and pay interest.
- (vi) **Suppliers and Trade Creditors:** These require information on whether amounts owed will be paid as at when due and on the continued existence of the business as a going concern.

INSIGHT

- (vii) **Customers:** Customers require information on the continued existence of the business that will guarantee the continued supply of products, parts and after sales service.
- (viii) **Government and Other Regulators:** They require information on the allocation of resources and compliance to regulations. They are particularly interested in ascertaining the income tax and other taxes payable by the business.
- (ix) **Competitors:** Competitors require information on the relative strengths and weaknesses of their competition and for comparative and bench marking purposes.

- (x) **The public:** require information on the roles and contributions of the organization to the society at large.

EXAMINER'S COMMENT

Part (a) of the question examined candidates on their knowledge of the historical development of accounting. Admittedly, this area is seldomly tested. One is therefore not surprised that candidates' performance was poor, in spite of the fact that not less than 85% of the candidates attempted the question.

The part (b) tested the familiar topic of the users of accounting information and their requirements. While the candidates were able to identify most of the users, they failed to articulate their information needs.

Candidates are advised to embrace the entire syllabus as all parts could be tested.

SOLUTION 4

- (a) **The purpose of providing for depreciation includes:**
 - (i) To charge to expense, a portion of an asset to the revenue generated by that asset. This is called the matching/accrual principle, where revenues and expenses both appear on the income statement in the same reporting period, which gives the best view of how well an organization has performed in a given accounting period.
 - (ii) **To keep capital intact:** If depreciation had not been charged, the net income would have been overstated over the years of the life of the asset and if the same was withdrawn or disturbed as dividend, the business would have no funds for business expansion.
 - (iii) **To ascertain cost of accuracy:** In order to determine the cost of production, ~~there is the need to charge depreciation on all factory related tangible non~~

INSIGHT

current assets, for examples, plant and machineries, factory buildings, loose tools, etc. The depreciation on this class of assets constitute part of the indirect cost of production, which is included as part of the total costs of production. Without depreciation on this class of assets, the costs of production would have been understated and abnormal profit may have been recorded by the organization.

- (iv) **To prepare true and fair statement:** If depreciation is not charged properly, it will overstate the value of assets and profit on the financial statements of the organization.
- (b) **The factors to be taken into account in arriving at the annual depreciation charge for an asset are:**
- (i) The initial cost of the asset
 - (ii) The residual/scrap/savage value of the asset
 - (iii) The expected useful life of the asset
 - (iv) The depreciation method to apply
- (c)

	₦
Cost of asset	150,000
Depreciation- Year 1 @ 10%	(15,000)
	135,000
Depreciation- Year 2@10%	(13,500)
	121,500
Depreciation –Year 3@ 10%	(12,150)
	109,350

EXAMINER'S COMMENT

This question tests candidate's knowledge of depreciation. 75% of the candidates attempted the question, but only half scored above 50%. Candidates failed to state the purpose of providing for depreciation but mainly defined depreciation.

Candidates were however, able to state the three factors to be considered before arriving at the annual depreciation charge as required by the part (b) of the question.

The illustrative part of the question was well attempted by candidates and at least 50% scored 3½ marks. Candidates are advised to note their pitfalls and study more to fill in the gap.

SOLUTION 5

- (a) **Capital Expenditure:** It is an item of expense that will yield benefit to the organisation for more than one financial year. It is usually a one-off expense and the amount relating to this item of expenses is usually very huge. Such item of expenses are shown on the Statement of Financial position of the organisation and it is incurred
-

INSIGHT

in order to enhance the existing capacity of the asset of the organisation and also to increase the level of profit. It results in acquisition of a non-current assets e.g. purchase of plant and machinery, etc

Revenue Expenditure: It is an item of expense in which the benefit derived is used up within a financial year. It is a recurring expense, that is, an expense that occurs, frequently and the amount relating to this type of expenses is relatively small. Such item of expense is shown on the Income Statement of the organisation and also to maintain the level of profit e.g. purchases, rent, transport, etc

- (b) **Cash Discount:** it is a reduction granted by a supplier from the invoice price, in consideration of immediate or prompt payment. It is an incentive in credit management, given in order to encourage prompt payment. Cash discount is not shown on a supplier's invoice and account relating to such cash discount granted or received is maintained in the ledger. This form of discount is allowed on payment of money and it may vary with time period within which payment is received.

Trade Discounts: It is a reduction granted by a supplier from the list price of goods or services on business consideration as in buying in bulk for goods and longer period, when items of services. Trade discount is primarily allowed in order to promote sales. It is shown on the supplier's invoice by way of deduction on the invoice itself and account relating to such trade discount granted or received is not maintained in the ledger. This form of discount is allowed on purchases of goods and it may vary with the quantity of goods purchased or amount of purchases made.

- (c) **Carriage Inwards:** It is the cost of transporting goods purchased. It is charged on the Income Statement as part of the Cost of Sales. Where the carriage inwards represents cost of transporting raw materials used in the Statement as part of the Cost of Production.

Carriage Outwards: It is the cost of transporting goods sold to customers. It is charged on the Income Statement as part of the Selling and Distribution Expenses.

EXAMINER'S COMMENT

Common selected accounting terminologies were to be distinguished by candidates. No doubt the terms are familiar to candidates as not less than 98% of the candidates attempted it. Their major difficulty is in clarity of expression and assessors had to read between the lines. On the whole the candidates' performance can be said to be good.

Candidates are advised to improve on their communication skill in answering similar question even in other subjects.

SOLUTION 6

JOURNAL ENTRIES

DR CR

INSIGHT

	L\$	L\$
Factory premises	30,000	
To wages		18,000
Purchases		12,000
Being transfer of materials and wages in respect of the factory extension		

FACTORY PREMISES ACCOUNT

	L\$		L\$
Balance b/d	300,000		
		Bal c/d	330,000
Wages	18,000		
Purchases	12,000		
	330,000		330,000
Balance b/d	330,000		

INCOME STATEMENT FOR THE YEAR

	L\$		L\$
Sales			462,000
Less: Returns			<u>4,500</u>
			457,500
Less: Cost of Sales:			
Opening stock		243,000	
Purchases (202,500-12,000)	190,500		
Less Returns	<u>15,000</u>		
	175,500		
Add: Carriage in	<u>10,050</u>	185,550	
		428,550	
Less closing stock		<u>270,000</u>	
			<u>158,550</u>
			298,950
Less wages (162,000 – 180,000)			<u>144,000</u>
Gross profit			154,950
Expenses			
Office expenses	37,500		
Carriage-out	12,000		
Discount allowed	<u>9,000</u>		<u>58,500</u>
PROFIT			<u>96,450</u>

EXAMINER'S COMMENT

Parts (a) and (b) tests candidates on their ability to capitalize expenses on wages that were expended on the factory premises extension and the preparation of the premises account. Part (c) requires candidates to prepare an income statement from the few extracted balances. Not

INSIGHT

less than 95% of the candidates attempted the question. Preparation of the Journal was not well attempted by the candidates but not less than 60% did well in the preparation of the income statement.

Candidates are advised to prepare better to improve performance at subsequent examinations.

AT/131/PL.2

**ASSOCIATION OF ACCOUNTANCY BODIES IN WEST AFRICA
ACCOUNTING TECHNICIANS SCHEME, WEST AFRICA
PART I EXAMINATIONS - MARCH 2013
ECONOMICS**

Time Allowed: 3 hours

**SECTION A: PART I
(30 MARKS)**

ATTEMPT ALL QUESTIONS

MULTIPLE-CHOICE QUESTIONS

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

I. Which of the following is **NOT** a function of economic systems?

INSIGHT

- A. Allocation of resources
 - B. Organisation of production
 - C. Distribution of goods and services
 - D. Economic stability
 - E. Income distribution
2. A major weakness of the per capita-income as an index for measuring standard of living is that, it is
- A. Accepted in socialist countries only
 - B. Affected by extreme income values
 - C. Based on exact population census
 - D. Difficult to calculate
 - E. Not acceptable in a capitalist economy
3. When disposable income equals to zero, consumption is
- A. Negative
 - B. Zero
 - C. Positive but less than autonomous consumption
 - D. Positive and equal to autonomous consumption
 - E. Positive and greater than autonomous consumption
4. In a simple economy described by the following structural equations
 $Y = C + I$, $C = 10 + 0.8Y$, the investment multiplier is
- A. 1.2
 - B. 2.1
 - C. 5.0
 - D. 1.5
 - E. 5.1
5. Two goods X and Y are said to be complementary when
- A. A fall in the price of X causes an increase in the quantity demanded of Y
 - B. A fall in the price of X causes a decrease in the quantity demanded of Y
 - C. A fall in the price of X does not affect the quantity demanded of Y
 - D. A rise in the price of X does not affect the quantity demanded of Y
 - E. The two goods are competitive
6. A normal supply curve slopes
- A. Parallel to the horizontal axis
 - B. Upward from the left to the right
 - C. Downward from the left to the right
 - D. Upward from the right to the left
 - E. Parallel to the vertical axis
7. A price floor set below the equilibrium price will
- A. Create a surplus
 - B. Have no effect
 - C. Lead to a price increase
-

INSIGHT

- D. Create a shortage
E. Lead to market failure
8. The aim of indigenisation policy was to
- A. Build more industries in the economy
B. Increase the drain in foreign exchange
C. Increase the dominance of the economy by foreigners
D. Increase the participation of citizens in economic activities
E. Expel all the foreigners
9. Suppose a firm is producing at output level where $MR > MC$, to maximize profit, it should
- A. Reduce output
B. Increase output
C. Leave output unchanged
D. Reduce amount of input
E. Reduce product price
10. The total cost of production at output zero is equal to the..... cost.
- A. Total variable
B. Total fixed
C. Average variable
D. Average fixed
E. Marginal
11. The type of business organisation where each member has equal rights no matter the number of shares held is a
- A. Sole Proprietorship
B. Partnership
C. Public Limited Company
D. Co-operative Society
E. Public Corporation
12. Economists define market as
- A. A space which government provides to sellers and buyers to display their goods and services
B. A place where people buy different types of goods
C. An arrangement where buyers and sellers are brought into contact for the purpose of transacting business
D. An arrangement where consumers display their needs for suppliers to see
E. An open space and shops where sellers display their wares for buyers to buy
13. A market situation with only a few sellers each anticipating the reaction of others is called
- A. Monopolistic competition
B. Perfect competition
-

INSIGHT

- C. Duopoly
 - D. Oligopoly
 - E. Monopoly
14. Marginal utility is change in
- A. Marginal utility divided by change in total utility
 - B. The unit of commodity divided by change in total utility
 - C. Total utility plus change in unit of commodity
 - D. Total utility divided by change in the unit of the commodity
 - E. Total utility less change in the unit of the commodity
15. The desirable feature of money which makes it easy and convenient to carry around is
- A. Durability
 - B. Portability
 - C. Divisibility
 - D. Uniformity
 - E. Relative Scarcity
16. The transactionary demand for money arises from its use as a
- A. Medium of exchange
 - B. Means of rewarding labour services
 - C. Unit of account
 - D. Unit of measurement
 - E. Standard of deferred payment
17. Which of the following is the most liquid asset?
- A. Gold
 - B. Bank notes
 - C. Cheque
 - D. Time deposit
 - E. Savings deposits
18. Which of the following is a measure of reducing unemployment in a developing economy?
- A. Maintaining poor data base of the unemployed people
 - B. Promoting geographical immobility of labour
 - C. Discouraging education and training of manpower
 - D. Providing essential social services in the rural areas
 - E. Preventing acquisition of knowledge and skills in entrepreneurship
19. The effects of unemployment **EXCLUDE**
- A. Loss of potential output in the economy
 - B. Increase in crime rate
 - C. Loss of confidence in government
 - D. Loss of potential tax revenue
-

INSIGHT

- E. Higher wage bargaining power for labour union
20. Which of the following is **NOT** the major objective of IMF?
- A. Establishment of a system which facilitates utilisation of foreign exchange among member countries
 - B. Maintenance of stable exchange rate among member countries
 - C. Facilitating convertibility of national currencies and elimination of exchange restrictions.
 - D. Assisting member countries to solve their balance of payments problems
 - E. Providing long term loans for development projects.
21. The incidence of income tax falls directly on the
- A. Government
 - B. Consumer
 - C. Producer
 - D. Population
 - E. Tax payer
22. Government actions in regulating its spending and taxation to achieve macroeconomic objectives is called.....policy.
- A. Monetary
 - B. Fiscal
 - C. Income
 - D. Physical
 - E. Exchange rate
23. Which of the following is **NOT** a source of public debt?
- A. Multilateral creditors
 - B. Treasury bills
 - C. Government development stocks
 - D. Treasury certificates
 - E. Taxation
24. Which of the following is **NOT** a case in favour of protectionism?
- A. To protect infant industries
 - B. To expand domestic employment
 - C. To promote dumping
 - D. To correct balance of payments deficits
 - E. To enhance national security
25. The component account of the balance of payments statements in which direct investment and portfolio investment are recorded is called..... Account.
- A. Official Reserve
 - B. Current
 - C. Capital
-

INSIGHT

- D. Merchandise
E. Service
26. Which of the following may cause balance of payments deficits?
- A. Increasing export earnings
B. Decreasing import bills
C. Falling prices of domestic exports
D. Increased inflow of foreign investment
E. Overvalued currency
27. The net export of any nation is defined as
- A. Imports less Exports
B. Exports less Imports
C. Exports less Depreciation
D. Import Less Depreciation
E. Gross Domestic Product less Depreciation
28. International institutions like the World Bank Group, International Monetary Fund, African Development Bank are referred to as
- A. Paris Club of Creditors
B. London Club of Creditors
C. Multilateral Creditors
D. Bilateral Creditors
E. Creditor International Organisation
29. Which of the following has **NOT** been identified as a fundamental source of economic growth?
- A. Capital accumulation
B. Human capital accumulation
C. Technological progress and innovation
D. Social and legal institutions
E. Regional balance and integration
30. Long-term development plans traditionally covers..... years
- A. 10 – 20
B. 2 – 5
C. 5 – 8
D. 1 – 10
E. 1 – 3

INSIGHT

**SECTION A: PART II ATTEMPT ALL QUESTIONS
MARKS)**

(20

SHORT ANSWER QUESTIONS

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

1. The cost expressed in terms of alternative forgone is known as.....
2. A consumer obtains maximum satisfaction from the consumption of commodity X, where the marginal utility derived from X equals to.....
3. The slope or gradient of an isoquant represents the.....
4. The payment of interest on borrowed capital, depreciation and charges on plant and machinery are good examples of.....cost.
5. The product of the market price and the quantity of output produced gives the.....
6. The coming together of two companies for synergy and mutual benefit without any of them claiming the sole ownership of the emerging company is called.....
7. A demand curve which illustrates a direct relationship between price and quantity demanded of a product is called.....
8. Where the price and quantity change are exactly in the same proportion, the degree of price elasticity of demand obtained is.....
9. The flow of payments and receipts and the independence between major economic units in an economy is usually demonstrated by a diagram known as.....
10. The price index used to adjust nominal GDP for changes in the price level is called.....
11. A measure of a bank's capital relative to its assets, where the assets are weighted according to the degree of risk is called.....
12. A combination of measures designed to control money supply and credit availability in the economy to achieve macroeconomic objectives is called.....
13. The tax levied on the appreciated value of an asset is called.....
14. Under normal circumstance, a producer will bear the entire burden of taxation on his product if the demand for the product is.....

INSIGHT

- ii. Beef and fish
- iii. Butter and margarine

(9 Marks)
(Total 12½ Marks)

QUESTION 3

- a. Distinguish clearly between total utility and marginal utility. (4½ Marks)
 - b. Assuming the consumer spends all his income (Y) on only two commodities A and B, outline the conditions for utility maximization under the marginal utility theory. (4 Marks)
 - c. State any **FOUR** assumptions of the marginal utility theory. (4 Marks)
- (Total 12½ Marks)**

PART II: MACROECONOMICS

ATTEMPT ANY TWO QUESTIONS

QUESTION 4

It has been argued severally that commercial banks are indispensable in any modern economy. Explain any **FIVE** main functions performed by commercial banks in a modern economy. (12½Marks)

QUESTION 5

- a. “Every country that intends to grow and develop must participate in international trade.” Explain **FOUR** reasons to justify this statement. (8 Marks)
 - b. Distinguish clearly between balance of trade and terms of trade. (4½ Marks)
- (Total 12½ Marks)**

QUESTION 6

Write short notes on the followings:

- a. Recurrent Expenditure
- b. Recurrent Revenue
- c. Capital Expenditure
- d. Capital Receipt
- e. Fiscal Policy

(12½ Marks)

SUGGESTED SOLUTIONS

SECTION A

PART I MULTIPLE-CHOICE QUESTIONS

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

INSIGHT

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

EXAMINER'S COMMENT

The questions covered the entire syllabus. All the Candidates attempted this part. About 58% of the candidates scored not less than 50% of the marks allocated to this sub-section. The commonest pitfall is that majority of the candidates' did not understand basic microeconomic and macro economics concepts. Candidates are advised to adequately prepare for the examination by ensuring that the entire syllabus is well covered.

PART II: SHORT ANSWER QUESTIONS

1. Opportunity cost
 2. Price of commodity X
 3. Marginal rate of technical substitution
 4. Fixed cost
-

INSIGHT

5. Total revenue
6. Merger/Amalgamation
7. Abnormal demand curve
8. Unitary
9. Circular flow of income
10. GDP price deflator
11. Capital adequacy ratio
12. Monetary policy
13. Capital gain tax
14. Perfectly price elastic
15. Real interest rate
16. World Trade Organisation (WTO)
17. Closed economy
18. Comparative cost advantage
19. Economic growth
20. International Development Association (IDA)

EXAMINER'S COMMENT

The questions tested candidates' understanding of basic economic concepts. All the candidates attempted this sub-section. Only 19% of the candidates scored pass mark. The commonest pitfall is that the candidates could not interpret the question correctly. Candidates are advised to ensure that they covered the entire syllabus.

SOLUTION 1

- (a) **Total Product (TP):-** The total product of an input in the production of a particular commodity refers to the total amount of the commodity produced using a fixed amount of input and different amount of all other inputs during a given period of time.

Average Product (AP):- This refers to output per unit of the inputs. It is found by dividing the total product of the inputs by the quantity of the variable input used.

Given labour (L) as the variable input, average product can be defined as: $AP_L = \frac{TP_L}{L}$

Where L stands for number of workers.

Marginal Product:- This is defined as the addition to total product resulting from using an extra unit more or less of the variable input

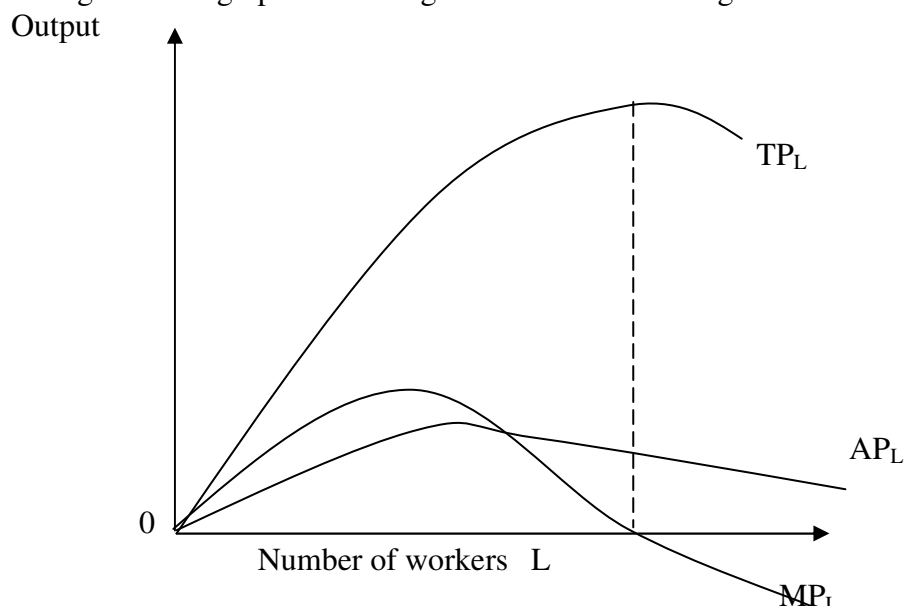
INSIGHT

$$MP_L = \frac{\Delta TP_L}{\Delta L}$$

Where ΔTP_L , stands for 'change in total product' and ΔL for 'change in number of workers'

- (b) **The law of diminishing returns** states that as more and more units of a variable factor are used with a given quantity of fixed factor, the average product (MP) of the variable factor will eventually decline.

Figure: The graph illustrating the law of diminishing returns.



The figure illustrates the law of diminishing returns, and it also shows the relationship between the concepts of total product (TP), average product (AP) and marginal product (MP).

The diagram shows that where TP is maximum, MP is equal to Zero. Where MP reaches maximum, AP is still rising, while MP is already falling where AP is maximum.

EXAMINER'S COMMENT

The part (a) of the question tests candidates' understanding of the concepts of total product, average product and marginal product and their relationships using graphic illustration. Part (b) of the question, requires a statement and graphic illustration of the **law of diminishing returns**. 85% of the candidates attempted the question with less than 10% scoring pass marks. 90% of the candidates that attempted the question could not present graphic illustration of these concepts. Candidates should make adequate preparation for examinations.

INSIGHT

SOLUTION 2

- (a) **Price elasticity of demand** measures the responsiveness of demand for a commodity to changes in commodity's own price.

$$E_d = \frac{\text{Percentage change in quantity demanded}}{\text{Percentage change in price}}$$

Cross-price elasticity of demand measures the responsiveness of demand for a commodity to changes in the price of another commodity.

Given two commodities A and B.

$$E_{AB} = \frac{\text{Percentage change in the quantity demanded of commodity A}}{\text{Percentage change in the price commodity B}}$$

- (b)(i) Cross-price elasticity of demand for bread and yam

$$E_{yb} = \frac{\text{Percentage change in quantity demanded of yam}}{\text{Percentage change in price of bread}}$$

$$\begin{aligned} &= \frac{2000 - 1500}{1500} \times \frac{100}{1} \\ &= \frac{500}{1500} \times \frac{100}{1} \end{aligned}$$

$$\begin{aligned} &= \frac{500}{1500} \times \frac{100}{1} \\ &= \frac{50}{150} \times \frac{100}{1} \end{aligned}$$

$$\begin{aligned} &= \frac{100}{3} \times \frac{3}{100} \\ &= 1 \end{aligned}$$

The two goods are substitutes.

- (ii) Cross-price elasticity of demand for beef and fish is given by:

$$= \frac{\% \text{ change in quantity demanded of fish}}{\% \text{ change in the price of Beef}}$$

INSIGHT

$$\begin{aligned} & \frac{30,000 - 10,000}{10,000} \times \frac{100}{1} = \frac{20,000}{10,000} \times \frac{100}{1} \\ = & \frac{400 - 250}{250} \times \frac{100}{1} = \frac{150}{250} \times \frac{100}{1} \\ = & \frac{200\%}{60\%} \end{aligned}$$

= 3.3 The 2 goods are substitutes

(iii) Cross-price elasticity of demand for butter and margarine is given by:

$$= \frac{\% \text{ change in quantity demanded of Margarine}}{\% \text{ change in the price of butter}}$$

$$\begin{aligned} & \frac{4000 - 2500}{2500} \times \frac{100}{1} = \frac{1500}{2500} \times \frac{100}{1} \\ = & \frac{1500 - 1000}{1000} \times \frac{100}{1} = \frac{150}{250} \times \frac{100}{1} \\ = & \frac{60\%}{50\%} = 1.2 \end{aligned}$$

The two goods are substitutes.

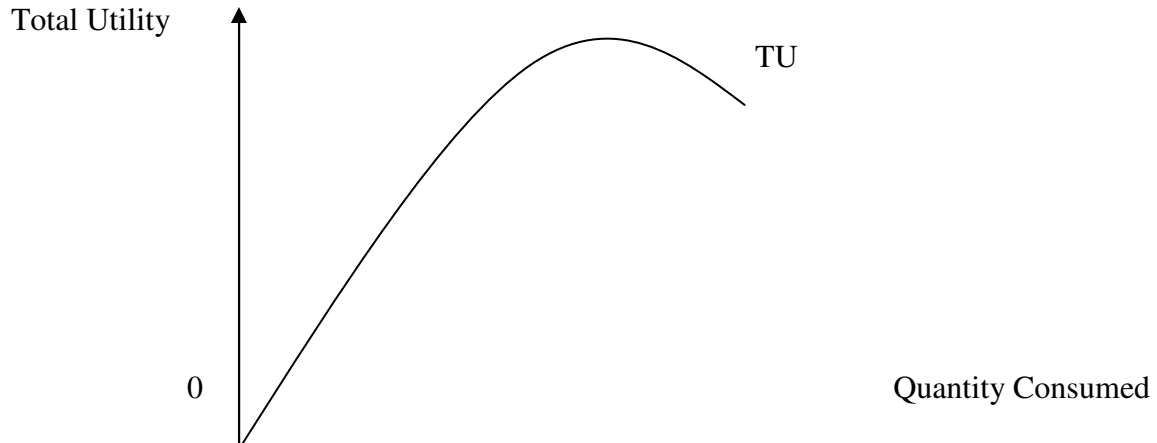
EXAMINER'S COMMENT

The question tests candidates' knowledge of the price and cross-price elasticity of demand. About 92% of the candidates attempted the question while the success rate was only 15%. 80% of the candidates could not distinguish between price elasticity and cross elasticity resulting the poor performance. Candidates should ensure proper understanding of every aspect of the syllabus by making adequate preparation for the examinations.

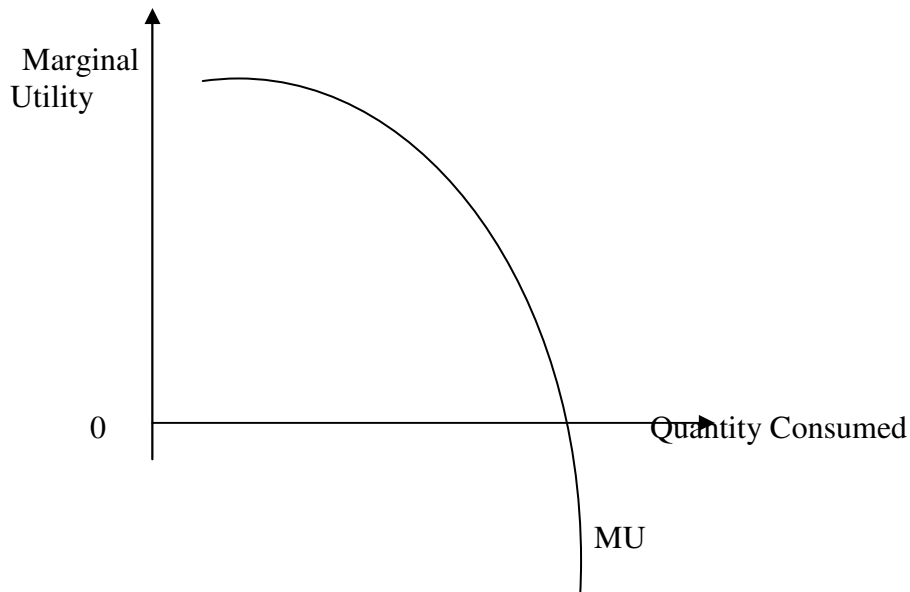
SOLUTION 3

Total Utility is the amount of satisfaction derived from the consumption of some quantity of goods. Total utility increases as output increases to a point of consumption where it starts to decline.

INSIGHT



Marginal Utility, on the other hand, is the extra amount of satisfaction derived from the consumption of an extra unit of good. The marginal utility curve is downward sloping illustrating the law of diminishing marginal utility.



- (b)
- (i) The consumer attains equilibrium when the extra utility derived from spending an additional unit of money on commodity A equals the extra utility derived from spending an additional unit of money on commodity B.

$$\frac{MU_A}{P_A} = \frac{MU_B}{P_B}$$

- (ii) all the money income is spent

$$Y = P_A Q_A + P_B Q_B$$

INSIGHT

- (c)
 - (i) The consumer is rational
 - (ii) Utility is measurable in the cardinal sense with a subjective measure called 'utils'
 - (iii) There is diminishing marginal utility of commodity
 - (iv) There is constant marginal utility of money
 - (v) The total utility depends on the number of commodities previously consumed
 - (vi) The commodities available to the consumer are not related.

EXAMINER'S COMMENT

The question tests candidates' understanding of the **theory of consumer behaviour**. The marginal utility approach was avoided by about 88% of the candidates. 90% of the candidates that attempted the question could not score up to 50% of the allotted marks. The Candidates did not understand the concepts tested. Candidates should prepare well for future examinations.

SOLUTION 4

Commercial banks (or Money Deposit Banks) are indispensable in any modern economy. Some of the functions performed by the banks are as explained below:

- (i) **Accepting Deposits of Money:-** Commercial banks are deposit-taking financial intermediaries. They accept deposits from households, firms and governments (state and local) in the form of demand deposits, saving deposits and time deposits.
- (ii) **Granting loans and advances:-** Granting loans and advances is the most profitable function of the commercial banks. They make profits by lending to credit worthy customers that is those having collateral securities, at a higher rate of interest than the rate they pay on deposits. Commercial banks provide mostly short-term loans – that is loans repayable within a period of one year.
- (iii) **Acting as agents for transfer of funds:-** Commercial banks act as agents of payment or transfer funds on behalf of their customers through collection of cheques, standing orders, a customer may settle his debt or transfer funds to a beneficiary by issuing a cheque on his current account. The banks is expected to honour the cheque as long as the customer has sufficient fund standing to his credit, his signature is regular and the cheque is presented within 6 months of issue. Also, commercial banks provide standing order facilities, such as, premium to insurance companies, annual or quarterly subscriptions to Professional Institutes e.g. – ICAN and CIBN, on behalf of their customers.
- (iv) **Creating demand- deposit money:-** Commercial banks create demand – deposit money by lending out the money that they received from other customers.
- (v) **Providing International Trade Services:-** A number of services are offered by commercial banks to their customers who are exporters and importers. For instance, a Nigerian exporter can receive payment from abroad through his commercial bank by drawing a bill of exchange on the importer.

INSIGHT

- (vi) **Providing Brokerage Services:-** Commercial banks serve as share distribution agents, engaging in buying and selling of securities for their customers. That is, they act as intermediaries between their clients and stockbrokers to acquire or sell stocks in the capital market.
- (vii) **Providing Foreign Exchange Services:-** Commercial banks act as intermediaries between the Central Bank of Nigeria (CBN) or authorised foreign exchange dealers (Bureau de change) and their clients. Mostly manufacturing companies in processing applications for foreign exchange allocation. They also provide travellers with traveller's cheques and foreign currency notes to enable them carry out minor transactions on getting to their countries of destination.
- (viii) **Safekeeping of Valuable Assets:-** The banks' strong rooms are certainly one of the safest places to keep valuables. Hence, customers usually keep their government stocks, share certificates, academic certificates, life assurance policies, certificates of occupancy, wills and jewellerys with banks for safety.
- (ix) **Debt Factoring:-** This is one of the new services being rendered by commercial banks in Nigeria. Debt factoring is a debt recovery strategy in which a commercial bank acting as the third party or a factor buys a debt at a discount and gets the face value of the debt at maturity.
- (x) **Equipment leasing:-** This refers to the activity of banks (commercial and merchant) in financing purchases of fixed assets by their customers – mostly firms/business enterprises and allowing repayment over an agreed period of time. Most Companies in Nigeria now acquire computer units, motor vehicles, electric power, generating plants, and other costly equipments through leasing arrangements with their bankers.

EXAMINER'S COMMENT

The question required the candidates to explain the relevance of the commercial banks (money deposit banks) in every modern economy. About 98% of the candidates attempted the question and 85% of them scored above 50% of the marks allocated to the question. This indicates that candidates are familiar with this part of the syllabus and made adequate preparation for the examination. Candidates should maintain this level of performance in future.

SOLUTION 5

- (a) The following are the main reasons for international trade:
 - (i) **Differences in Resources Endowment:-** The distribution of certain productive resources differ naturally from one country to the other e.g. some mineral resources can be found only in some particular countries and not in others.
 - (ii) **Differences in climate and vegetation:-** The conditions for the growth of crops or animal husbandry vary from one crop or animal to the other, also climate and vegetation are also not the same for all countries in the world.

INSIGHT

- (iii) **Differences in skill and technical knowledge:-** The type of skill and technical knowledge that is available in a country will influence the type and quality of goods that will be produced in the country.
- (iv) **Strategic reasons:-** Countries do engage in international trade for strategic reasons. For instance, United States buys oil from Nigeria and some other countries inspite of the fact that she has oil.
- (v) **Need for market expansion:-** Some countries produce certain products in large quantities. They therefore need to widen the market for their products
- (b) **Balance of Trade:-** is the difference between the value of a country's visible imports and exports over a given period of time. The balance of trade is concerned with only the visible items. Specifically, it describes the relationship between a country's export and import of visible items (merchandise trade). On the other hand, the **terms of trade** is the relationship between the prices of exports and prices of imports. The most commonly used concepts is the net barter terms of trade (TOT_{ab}). The TOT_{ab} is defined as the ratio of index of export prices to index of import prices expressed in percentage. This is alternatively referred to as the *commodity terms of trade*.

It is expressed as:

$$TOT_{ab} = \frac{P_x}{P_m} \times \frac{100}{1}$$

Where P_x = an index of prices of exports

P_m = an index of prices of imports

EXAMINER'S COMMENT

The question tests candidates' understanding of international trade but was misinterpreted by the candidates. 86% of the candidates attempted the question, and the success rate was less than 20%. 85% of the candidates could not differentiate the concepts of balance of trade from terms of trade. Candidates are advised to make adequate preparation for future examination.

SOLUTION 6

- (a) **Recurrent Expenditure:-** These are expenditures that governments make on an on-going basis i.e. in the course of running the government such as payment of wages and salary, interest on national debts, maintenance of social services, etc. These expenditure enhances the smooth running of the government administration.
- (b) **Recurrent Revenue:-** These are incomes or revenue accruing to the government on regular basis. These are taxes, fines, rents etc. The total value realizable for a given fiscal year can be estimated with high level of production. They can also assist the

INSIGHT

government in preparing national budgets.

- (c) **Capital Expenditure:-** These are expenditures of the government on capital goods and services that facilitate the economic growth of a nation. These include expenditures on the construction of roads, dams, school, hospitals and other capital/investment equipments. The proportion of capital expenditure in the national budget has direct relationship with the rate of economic growth of that country.
- (d) **Capital Receipts:-** These are receipts or income from government investments (either internal or foreign investment), such receipts include rents paid by those who use government land, royalties paid by those who deal in exploration of natural resources and profits from government business ventures.
- (e) **Fiscal Policy:-** Fiscal policy is the action of the government that involves the manipulation of taxation and government expenditure to regulate the economy. Fiscal policy uses the instruments such as taxation, public expenditure, budget etc to achieve economic objectives of full employment, price stability, economic growth, balance of payments equilibrium as well as equitable distribution of income.

EXAMINER'S COMMENT

The question tests some basic public finance concepts and was attempted by about 54% of the candidates. 48% of the candidates scored pass marks, while 52% did not show adequate understanding of these concepts. Public Finance is an important aspect of the syllabus hence candidates are to pay more attention to it for future examinations.

INSIGHT

AT/131/PI.3

ACCOUNTING TECHNICIANS SCHEME, WEST AFRICA
PART I EXAMINATIONS - MARCH 2013
BUSINESS LAW

Time Allowed: 3 hours

SECTION A: PART I
Marks)

ATTEMPT ALL QUESTIONS

(30

MULTIPLE-CHOICE 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 primary duty of a banker is to his customer and no third party can intervene **EXCEPT**
 - A. With an appeal from another customer of the Bank
 - B. With permission of the Managing Director of the customer's company
 - C. With permission of the father of the customer
 - D. By obtaining court order
 - E. By obtaining order from the President

2. The number of days of grace available to a bill after due date is
 - A. 1
 - B. 2
 - C. 3
 - D. 4
 - E. 5

3. Which of the following is **NOT** an exception to the strict liabilities of a carrier?

INSIGHT

- A. An act of God
 - B. Enemy action
 - C. Loss of the goods
 - D. Proneness of the consignment
 - E. Fault or fraud of the consignor
4. Acts or Statutes usually emanate from
- A. Cabinet office of the President
 - B. Parliament/National Assembly or Legislature
 - C. Supreme Military Council
 - D. Local Government Parliament
 - E. State/Regional House of Assembly
5. The highest court in your country is
- A. West African Court of Appeal
 - B. Superior Court
 - C. Supreme Military Court
 - D. Supreme Court
 - E. Federal High Court
6. Which of the following is **NOT** a source of law in your country?
- A. Legislature in your country and Statute Law
 - B. Received English Law
 - C. Customary Law/Islamic Law
 - D. Judicial Precedent
 - E. Companies Act
7. Which of the following is a superior court?
- A. Court of Appeal
 - B. Customary Court
 - C. Magistrate Court
 - D. Upper Area Court
 - E. Circuit Court
8. Which of the following is **NOT** a requirement of a valid contract?
- A. Prescribed formalities must be followed
 - B. Parties to the contract must know each other physically
 - C. Object of the contract must not be unlawful or illegal
 - D. There must be offer
 - E. There must be acceptance
9. *Consensus ad- idem* means

INSIGHT

- A. Offer only
 - B. Acceptance only
 - C. Consideration only
 - D. Offer plus Acceptance
 - E. Offer plus Acceptance plus Consideration
10. An infant is someone below the age of.....years.
- A. 15
 - B. 18
 - C. 20
 - D. 21
 - E. 25
11. The defence available to a person who is induced by fraud to sign a document is
- A. A plea for leniency
 - B. Audi alteram partem
 - C. Non est factum
 - D. Nemo habet esse iudex in propria sua causa
 - E. Plea that he signed it without reading the document
12. The principle of law that states that a stranger (non party) to a contract cannot sue or be sued on it, is known as
- A. Private and Confidential
 - B. Party to the contract
 - C. Privity of Contract
 - D. Privity of Business Transaction
 - E. Privity of Assignment of Contract
13. Contract **CANNOT** be discharged through which of the following?
- A. By one of the Party to the contract
 - B. By Performance
 - C. By a fundamental breach
 - D. By agreement
 - E. By frustration
14. An agent who is authorised to sell or dispose of goods that are entrusted to him is called..... Agent.
- A. Special
 - B. Factor
 - C. Broker
 - D. Universal
 - E. Mercantile

INSIGHT

15. Agency can be created in all of the following ways **EXCEPT**
- A. Express Creation
 - B. Implied Creation
 - C. Agency by Estoppel

 - D. Creation by nature of the Agency
 - E. Agency by necessity
16. A wife who is forced out of her matrimonial home can pledge her husband's credit for
- A. Motor Cars for her and the children use
 - B. Plasma Television
 - C. Food, Clothing and Education for the children
 - D. To travel to UK
 - E. Furniture and Fittings
17. The number of parties to bill of exchange is
- A. 2
 - B. 3
 - C. 4
 - D. 5
 - E. 6
18. Which of the following is **NOT** a negotiable instrument?
- A. Bills of Exchange
 - B. Cheque
 - C. Promisory Notes
 - D. Bearer Debenture
 - E. Money Order
19. Which of the following is **NOT** a rule governing consideration?
- A. It must not be illegal, immoral or contrary to public policy
 - B. It must move from the promisee to the promisor
 - C. It must be sufficient but need not be adequate
 - D. It must be executory, executed but must not past
 - E. It must be adequate and sufficient
20. The maximum number of persons allowed to form a partnership business is
- A. 10
 - B. 20
 - C. 30
 - D. 40
 - E. 50

INSIGHT

21. Re- insurance relates to
- A. Re-evaluation of the insurance agreement and ensuring its accuracy
 - B. Informing the client to reinsure the property with another insurance company
 - C. Determining the premium of the insurance contract
 - D. Assignment of the insurance to a third party
 - E. Agreement between an insurance company and a re-insurance company whereby the re-insurer agrees to assume responsibility for a certain fixed share of the risk upon terms outlined in the agreement
22. Which of the following persons can be appointed as a director of an incorporated company?
- A. A Minor
 - B. Bankrupt
 - C. A lunatic
 - D. A corporation/eligible individual
 - E. An insolvent person
23. A director of a company may **NOT** be removed in which of the following ways?
- A. By ordinary resolution
 - B. By special notice given to him about the intention to remove and replace him
 - C. The Director shall be allowed to explain himself in writing
 - D. By extra ordinary resolution
 - E. The resolution must be passed at an Annual General Meeting
24. A notice of..... days are required to convene a valid Annual General Meeting.
- A. 11
 - B. 21
 - C. 31
 - D. 41
 - E. 14
25. The veil of incorporation will be lifted **EXCEPT** where
- A. A company is suspected to be formed to perpetrate fraud
 - B. Incorporation is used for some illegal or improper purpose
 - C. A company is run with less than minimum required members
 - D. A company is run with the aim of making super profit
 - E. There is mis-description of the company
26. The minimum number of persons required in a partnership is
- A. 2
 - B. 3
 - C. 4
 - D. 5
-
-

INSIGHT

E. 6

- 27 Partnership income is
- A. Taxed on the firm
 - B. Taxed Jointly
 - C. Taxed Individually
 - D. Not Taxed at all
 - E. Tax exempt
- 28 Partnership by Estoppel is
- A. Where a partner is a general partner
 - B. Where a partnership is limited
 - C. In accordance to the performance of the partners
 - D. In accordance to the age of the partners
 - E. Equality of partners
- 29 In the absence of a partnership agreement, Partnership profits are shared
- A. In the ratio of Partners' Capital
 - B. In the agreed ratio
 - C. In accordance to the performance of the Partners
 - D. In accordance to the age of the Partners
 - E. Equally
- 30 A Bill lacking in some material particular is..... Bill.
- A. Inland
 - B. Inchoate
 - C. Foreign
 - D. Liability
 - E. Useful

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

SHORT ANSWER QUESTIONS

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

1. The laws passed by the National Assembly or Parliament are referred to as.....
2. The **THREE** rules applied to the interpretation of status are literal rule, Golden rule and.....
3. The doctrine that binds courts by decisions of superior courts is called.....

INSIGHT

4. In law of contract, a conditional acceptance of an offer is referred to as.....
5. Articles which are reasonably necessary to a minor having regard to his status in life are called.....
6. Under the law of contract, an act done by a person before a promise was made to him is called.....
7. When an agent is authorised to act on behalf of the principal in all matters of the business, the agent is referred to as.....
8. The normal remedy available for a breach of contract of employment is.....
9. Goods which are identified and agreed upon at the time a contract of sales is made are called.....
10. The seller's right to retain possession of the goods until payment of the agreed price within the stipulated time period, is called.....
11. A hire purchase agreement consists of the seller, the hirer and the.....
12. The effect of non-compliance with the general requirements of the Hire Purchase Act is to render the contract.....
13. The standard form which contains the terms of agreement usually handed over by the insurer to the proposed insured is called.....
14. Statements required to be disclosed by the insured that would affect the decision of the insurer are called.....
15. A company that has no limit on the liability of its members is called.....
16. The interest of members of a company which entitles them to part of the capital or income of the company is called.....
17. The highest decision making meeting of members of a company is.....
18. The summary of cases judicially considered is called.....
19. For a customary law to be enforceable, it must have been properly established and must have passed through the mills of the.....
20. A custom may be.....by the court if it had been acted upon by a court of superior or co-ordinate jurisdiction and applied in a series of similar cases.....

INSIGHT

SECTION B: ATTEMPT ANY FOUR QUESTIONS (50 Marks)

QUESTION 1

Explain the following law maxim/terms:

- a. Repugnancy Test
- b. Incompatibility Test
- c. Public Policy Test
- d. Judicial Notice
- e. *Audi alteram Partem* **(12½ Marks)**

QUESTION 2

Explain the following doctrines:

- a. Quantum Meruit
- b. Accord and Satisfaction
- c. Doctrine of Estoppel
- d. Injunction
- e. Contract of *uberrimae Fidei* **(12½ Marks)**

QUESTION 3

Dr. Koffi was employed by the University of Gambia to lecture Accounting Technician Students. He delegated the assignment to his younger brother, Dr. Iranlowo, who is a Senior Lecturer in the Gambian Institute of Accountancy. He promised to pay Dr. Iranlowo 500 Gambian Dalasi for the job when the University paid him his salary. Dr. Iranlowo delivered the lectures efficiently and effectively. The University authorities refused to pay Dr. Koffi allegedly because he delegated the performance of the assignment. Dr. Koffi wants to sue the University. Also Dr. Iranlowo wants to sue Dr. Koffi for 500 Dalasi.

You are required to:

- a. Advise the parties **(9½ Marks)**
 - b. State **THREE** exceptions to the rule of *delegatus non potest delegare* **(3 Marks)**
- (Total 12½ Marks)**

QUESTION 4

Explain **FIVE** differences between Bill of Exchange and Cheque. **(12½ Marks)**

QUESTION 5

INSIGHT

Explain **FIVE** functions of Corporate Affairs Commission/Business Registry/Registrar General's Department
(12½ Marks)

QUESTION 6

- a. Two out of the eight lecturers at Cambridge College of Accountancy, Accra, absconded from duty. The Vice Chancellor of the College promised to pay the remaining six lecturers the wages of the two absconded lecturers if they taught and examined the students. The six lecturers taught and examined the students but the Vice Chancellor refused to pay the six lecturers the wages of the two lecturers.

You are required to:

Advise the six lecturers who are contemplating to sue the Vice Chancellor
(6 Marks)

- b. Charles and Chukwu were childhood friends. Both of them at different times proposed to marry Ngozi. Ngozi accepted Charles' proposal and Chukwu became the enemy of Charles. Chukwu hired Hassan to kill Charles at a cost of ₦20million. Hassan killed Charles but Chukwu refused to pay the ₦20million. Hassan wants to sue Chukwu.

You are required to advise the parties.

(6½ Marks)
(Total 12½ Marks)

INSIGHT

SUGGESTED SOLUTIONS

SECTION A

PART I MULTIPLE-CHOICE QUESTIONS

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

INSIGHT

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

EXAMINER'S COMMENT

The questions in this part achieved a good spread over the syllabus. They test candidates' understanding of foundational principles of business law. About 75% of the candidates performed well.

Recommendation: Candidates are advised to keep it up.

SHORT-ANSWER QUESTIONS

1. Acts
2. Mischief rule
3. Judicial Precedent
4. Rejection/Counter offer/invalid acceptance
5. Necessaries
6. Past consideration
7. Universal agent/General agent
8. Damages/Compensation
9. Specific goods
10. Lien/Right to withhold delivery
11. Finance Company
12. Void and unenforceable
13. Proposal form
14. Material facts

INSIGHT

15. Unlimited liability company
16. Shares
17. Annual General Meeting
18. Ratio decidendi
19. Tests of validity/Repugnancy, Incompatible
20. Judicially noticed, before the Court

EXAMINER'S COMMENT

The questions test candidates' understanding of key principles of business law. About 50% of the candidates scored pass mark.

The commonest pitfall is that some of the candidates still could not understand the principles tested.

Candidates are advised to study harder for future examination.

SOLUTION 1

- (a) **Repugnancy Test:** This is one of the tests of validity of customary law laid down by statute. According to the test, every applicable customary law must not be repugnant to natural justice equity and good conscience. Therefore, where a particular customary law is barbaric or clearly falls below civilized standard of behavior, it would be held to have failed the repugnancy tests as decided in cases such as EDET V ESSIEN, MARIAMO V SADIKU EJO, GURIV HADEIJA NATIVE AUTHORITY and so on.
- (b) **Incompatibility Test:** According to this test, every applicable customary law must not be incompatible either directly or by implication with any law for the time being in force e.g the Constitution or any existing law/statute. The test was applied in the case of AOKO V FAGBEMI, YUNUSA V ADESUBOKAN etc.
- (c) **Public Policy Test:** Section 14(3) of the Evidence Act provides that every applicable customary law must not be contrary to public policy. In the case of COLE V AKINYELE, ALAKE V PRATT, the courts held that the practice of legitimation of a child born outside wedlock by acknowledgement of his paternity was contrary to public policy as it tended to encourage promiscuity.

NOTE: Under the Constitution, there is no illegitimate child.

- (d) **Judicial Notice:** This is a situation where a custom or fact need not be proved because it has been frequently acted upon by a Court of competent jurisdiction.

INSIGHT

- (e) **Audi alteram Partem:** It is one of the components of the principle of natural justice which means fair hearing or requires that no one should be condemned without being heard.

EXAMINER'S COMMENT

This question tests candidates' understanding of the legal tests for the validity of customary law as well as one aspect of the constitutional principle of natural justice. 75% of the candidates attempted the question but less than 50% of them passed. Candidates are advised to study harder to understand the concept of customary court.

SOLUTION 2

- (a) **Quantum Meruit:**

This principle means "according to workdone" it applies where the work done is in partial performance of a severable or divisible contract and payment is made accordingly.

It should be noted that the party accepting the partial performance is not obliged to do so. Hence if he refuses, the principle of quantum meruit will not apply.

- (b) **Accord and Satisfaction:**

Accord and Satisfaction is the release from an obligation arising from a contract or tort by means of any valuable consideration which is accepted as the actual performance of the obligation itself. The accord is the agreement by which the obligation is discharged while the satisfaction is the consideration which made the agreement operative. Accord and satisfaction usually take the form of compromise.

- (c) **Doctrine of Estoppel**

The general principle here is to the effect that if a person makes a promise to another party to forgo, waive or suspend his contractual rights, wholly or partly, and without consideration, such a person will not be permitted in equity to go back on his word by denying his representation which has been acted upon by the third party. Estoppel operates to prevent a person from denying the fact of his representation to the third party, which representation the third party has relied upon to alter his position.

For estoppel to apply the following conditions must be satisfied:

- (i) There must be representation,
- (ii) The representation must be relied upon by a third party,
- (iii) The representation must have made the third party to alter his position, and
- (iv) It must have been acted upon in good faith.

- (d) **Injunction**
-

INSIGHT

This is an equitable remedy. It is an order by the court ordering a person to do or not to do a certain act. It is used for restraining a person from committing a tort or breach of contract. Injunction may be prohibitive where it is sought to stop the doing or repetition of some acts, or mandatory where it compels the performance of an act.

- (e) **Contracts of *Uberrimae fidei*** is that of utmost good faith. This principle imposes on a party to a contract the duty to disclose all material facts, non-disclosure of which is regarded as misrepresentation for which relief is available.

Contracts *uberimae fidei* could be of two types, namely insurance contracts, and contracts where one party is in a fiduciary relationship with the other.

EXAMINER'S COMMENT

This question tests candidate's knowledge of some remedies in contract and tort as well as their knowledge of the requirement of good faith in fiduciary transactions. 50% of the candidates attempted the question, and half of them passed.

Some of the candidates did not understand the basic remedies of the law of tort. The candidates are advised to understand the basic remedies of the law of tort for future examinations.

SOLUTION 3

- (a) The issues in this question bother on obligations of agency relationship. One of the duties of an agent to the principal is the duty of personal performance i.e. non-delegation. An agent must, based on the confidential nature of the relationship and founded on the principle "**delegatus non potest delegare**", the authority conferred on an agent cannot be delegated.

Based on the foregoing, it appears Dr. Koffi is in breach of the duty of non delegation by delegating his duty to Dr. Iranlowo without the prior consent of his principal. As such, Dr. Koffi may not be able to sue and recover the 500 Gambian Dalasi for the job from his principal, the University of Gambia. Also Dr. Iranlowo may not be able to sue Dr Koffi for the sum promised if he is aware of Dr Koffi's lack of authority to delegate.

- (b) **The exceptions to the rule of delegatus non potes delegare are:**
- i Where the task to be done is ministerial in that it does not require the exercise of any special skill.
 - ii Where the principal has given his consent either directly or impliedly to the delegation; or
 - iii Where the trade custom or practice permits delegation of authority

EXAMINER'S COMMENT

INSIGHT

This question tests candidate understanding of the rule against delegation of authority by an agent as well as the exceptions thereto. About 70% of the candidates attempted the question but only 30% passed.

The commonest pitfall is that many of the candidates did not understand the general principle of the law of agency.

Candidates are advised to study well the law of agency in business law for future examinations.

SOLUTION 4

A bill of exchange differs from a cheque in the following ways:

1. A bill may be payable on a fixed determinable future time, but a cheque is payable only on demand.
2. Acceptance is required for a bill whereas a cheque does not require acceptance.
3. A bill has three days of grace after the due date, but a cheque has six months after the due date.
4. There is no provision for crossing of a bill, but a cheque may be crossed.
5. There are no statutory protection for a bank that pays a bill lodged with it, whereas banks are protected in respect of cheques under certain conditions.
6. Failure to present a bill for payment may discharge the drawer of such a bill from any liability arising from the bill, while the drawer of a cheque is not necessarily discharged from his obligation as a result of delay in presenting the cheque for payment by the payee.
7. Notice of dishonor of a bill must be given to the drawer before he could be sued by the holder of the bill, whereas notice of dishonor of a cheque is hardly necessary to make the drawer of the cheque liable.

EXAMINER'S COMMENT

This question requires candidates to explain the distinctions between a bill of exchange and a cheque. About 90% attempted the question, but about 10% passed. Candidates are advised to study deeper.

The major pitfall is that many of the candidates could not differentiate the different between bill of exchange and a cheque.

Candidates are advised to understand the basic features of contracted documents in preparing future examinations.

SOLUTION 5

Section 1 of the Companies and Allied Matters Act (CAMA) 1990 established the Corporate Affairs Commission as body corporate with perpetual succession and a common seal.

Section 7 of the Act provides that the functions of the Commission shall be:

- (i) To administer the Act including the regulation and supervision or the formation, incorporation registration, management and winding up of companies.
- (ii) To establish and maintain company's registries and offices in all the states of the Federation suitably and adequately equipped to discharge its functions under the Act or any other law.
- (iii) To arrange or conduct investigation of the affairs of any company where the interest of the shareholders and the public so demand.
- (iv) To perform such other functions as may be specified by any Act or enactment.
- (v) To undertake such other activities as are necessary or expedient for giving full effect to the provisions of the Act.
- (vi) To register all incorporated trustees in Nigeria
- (vii) To register all business names in Nigeria.

EXAMINER'S COMMENT

This question tests candidates' understanding of the functions of the statutory body that superintends the formation, management, and winding-up of companies. About 95% of the candidates attempted the question but only 30% passed.

The commonest pitfall is candidate lack of understanding of the agency responsible for formation, management and winding up of companies.

Candidates should study harder in future examinations.

SOLUTION 6

- a. The issue in question is on one of rules governing consideration which is to the effect that the performance of an existing duty does not amount to a consideration.

If a party to a contract has merely performed a duty which is already bound to perform either by his contract or under general law, a promise made to him for so

INSIGHT

doing is not binding. This rule was applied in the case of *STILCK V MYRICK, COLLINS V GODEFROY*.

However, where someone does something extra or more than he is obliged to do, the performance will amount to an additional consideration, and any promise made for so doing will be binding and enforceable as in the case of *GLASBROOK BROS V GLARMOGAN COUNTY COUNCIL, HARTLEY V PONSOBY* etc.

From the above stated principle, if the six lecturers could show that what they did constituted an extra performance substantially beyond their normal duties, they would succeed in their action to recover the extra wages promised by the university authority. However, where it is shown that what they did was incidental to their normal and usual services, notwithstanding the promise made by the university authority, they would not be able to sue for the extra wages promised.

- (b) This hypothetical case is on a vitiating elements in a contract, i.e. illegality at common law. An agreement to commit a crime is said to be void. The contract is void ab initio, i.e. from the beginning, and the law treats such contracts as if it never came into existence. As such no right, claims or liability will be available to any of the parties who alleges a breach of such a non-existent contract.

Therefore, as the agreement between Hassan and Chukwu is tainted and violated by illegality, the law treats the agreement as if it never came into existence. As such Hassan will not succeed against Chukwu for the recovery of the sum of ₦20 million promised him by Chukwu.

EXAMINER'S COMMENT

These question tests candidates' knowledge of sufficiency of consideration and the vitiating effect of illegality in contract. About 90% of the candidates attempted the question of but 50% passed.

The pitfall is that some of the candidates did not understand the principle of the law of contract.

Candidates are advised to study adequately the basic principle of the law of contract.

INSIGHT

AT/131/PI.4

**ASSOCIATION OF ACCOUNTANCY BODIES IN WEST AFRICA
ACCOUNTING TECHNICIANS SCHEME WEST AFRICA
PART I EXAMINATIONS - MARCH 2013
COMMUNICATION SKILLS**

Time Allowed: 3 hours

**SECTION A: PART I
Marks)**

ATTEMPT ALL QUESTIONS

(20

MULTIPLE-CHOICE QUESTIONS

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

1. What type of request is best made through an official letter?
 - A. Personal
 - B. Emotional
 - C. Formal
 - D. Subjective
 - E. Informal

2. In what part of a speech is the audience's interest best aroused?
 - A. Before the speech begins
 - B. Conclusion
 - C. During Questions and Answers session
 - D. In the middle of the speech
 - E. Introduction

3. Listening is an example of.....communication.
 - A. Intrapersonal
 - B. Functional
 - C. Receptive
 - D. Productive
 - E. Participatory

4. The system of spelling in a language is
 - A. Calligraphy
 - B. Pictography

INSIGHT

- C. Orthography
D. Ideography
E. Hieroglyphics
5. James solves all our technical problems.
From this statement, James is a
- A. Peacemaker
B. Troublemaker
C. Problem-shooter
D. Troubleshooter
E. Soothsayer
6. My car has two doors; it is a
- A. Sedan
B. Truck
C. Tricycle
D. Coupé
E. Bus
7. Which of the following is **NOT** a report?
- A. Information report
B. Progress report
C. Analytic report
D. Periodic report
E. Resolution report
8. Which of the following is another name for electronic media of advertising?
- A. Graphic media
B. Electric media
C. Non-personal media
D. Syndicated media
E. Broadcast media
9. Which of the following is **NOT** a function of capitalisation in sentences?
- A. To begin sentence
B. To begin proper noun
C. To present acronyms
D. To start main clauses
E. To present a title

INSIGHT

10. Raw data processed in the computer are known as
- A. Message
 - B. Information
 - C. Medium
 - D. News
 - E. Input
11. What is the artificial language designed to communicate instructions to a computer called?
- A. Virtual language
 - B. Computer language
 - C. Artificial language
 - D. Program
 - E. Command
12. The committee statutorily empowered to handle day-to-day issues in an organisation is called.....committee.
- A. Welfare
 - B. Parole
 - C. Caretaker
 - D. Strategic
 - E. Standing
13. The sound /f/ is represented in the following words **EXCEPT**
- A. Off
 - B. Fulfill
 - C. Prove
 - D. Rough
 - E. Physics
14. The punctuation mark used to show surprise is
- A. Full-stop
 - B. Comma
 - C. Question mark
 - D. Colon
 - E. Exclamation
15. Possession in English is indicated by the use of
- A. Hyphen

INSIGHT

- B. Apostrophe
 - C. Bracket
 - D. Caret
 - E. Ellipsis
16. When there is a tie in voting, the vote cast to decide which way the decision should go is known as a/an..... vote.
- A. Casting
 - B. Resolution
 - C. Abstention
 - D. Majority
 - E. Minority
17. A communication model flowing along a straight line is a(n).....model
- A. Linear
 - B. Interactional
 - C. De-fleur
 - D. Cyclical
 - E. Spatial
18. Which of the following is **NOT** included in the format of a circular?
- A. Names of individual addressees
 - B. Subject matter
 - C. Addressees presented en bloc
 - D. Date
 - E. Signature
19. Which of the following is a type of message passed on the downward channel?
- A. Job instruction
 - B. Gossip
 - C. Progress report
 - D. Request for approval
 - E. Complaints
20. The act of putting a message in a particular language is
- A. Encoding
 - B. Conceptualization
 - C. Interpretation
 - D. Transliteration
 - E. Translation

INSIGHT

SECTION A: PART II
Marks)

ATTEMPT ALL QUESTIONS

(20

SHORT ANSWER QUESTIONS

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

1. A skeletal presentation showing relationship between points and sub-points is called.....
2. Internal mail used in an organisation is called.....
3. One word that describes a state of insolvency is.....
4. A primary stress on the second syllable of REFUSE changes its part of speech to
5. The verb that does not take a direct object is said to be.....
6. “The food was cooked by the woman” is a sentence in the voice.
7. Tone inflection, volume and pitch of voice are elements of..... under non-verbal communication.
8. A formal letter written to seek refund of monies expended on behalf of an organisation is a letter of.....
9. The medium of communication involving conversation on cellphones is.....
10. Poor retention is one of the obstacles to effective.....
11. Raw data and other information that may constitute extraneous materials in the body of the report are placed in the.....
12. The punctuation mark used in writing to separate parts of a complicated sentence or items in a detailed list is called.....
13. Verbatim memorization of a written speech is called..... delivery.
14. When a speaker does not make prior arrangement or preparation in a speech delivery exercise, he is said to be making a(n).....
15. The production of a vowel sound as a result of a shift of the tongue from one position of articulation to another is referred to as.....
16. Reports that are written daily, weekly, monthly or quarterly are examples of report.
17. Body language and facial expression are examples of..... communication.

INSIGHT

18. A reading habit that involves going through the material fairly rapidly and noting specific points is referred to as
19. The noun derived from the word “deceive” is
20. His conduct was strange. What is the antonym of the underlined word in this sentence?

SECTION B:

QUESTION 1

COMPULSORY

COMPREHENSION

Read the following passage carefully and answer the questions on it.

To facilitate the setting of standards and the assessment of progress, teachers are provided with tools and procedures for measuring achievement, ranging from informal questioning of pupils, and class tests, to standardized tests and external examinations. These procedures are often thought of as indicating the success of the pupil in absorbing instruction, but in fact they also measure the success of the teacher in getting his material across. Tests therefore have a profound effect on the satisfaction both teachers and pupils experience in the performance of their roles. A great deal of anxiety gathers round tests, and complex labeling processes, based on the scores in tests, are used to establish further expectations for performance by pupils. Some very important social consequences arise from this focus of the school on measurement.

First, the satisfactory performance of the teacher’s role comes to be demonstrated by the performance of his pupils in tests. Under today’s relatively sophisticated conditions, improvement in performance counts for more than absolute level of performance amongst many teachers. The pupil who knows all about the subject before his teacher instructs him may afford the teacher no special satisfaction, and the teacher may take pleasure rather in the pupil who improves the most. One who does not improve or who improves obtains ‘pleasing’ results. Report cards reflect the pleasure and displeasure of teachers in the pupils’ achievement. Of course, for the teacher to achieve this kind of satisfaction, he must be able with some plausibility to take credit for the pupil’s improvement. If the improvements were known to coincide with the employment of a private coach by the pupil’s parents, the teacher might feel angry rather than pleased at the improvement.

It follows that the ‘ideal pupil’ from the teacher’s point of view is the one who learns a lot, particularly about the matters covered by the tests. He should not always get everything right, however, since this would suggest that he hardly needed teaching. He should be pleased with his success and not blasé about it, and should never suggest that a question or a test is badly worded or worthless. This ‘improver’ is the pupil who is most rewarding to the teacher, and is in turn rewarded by the teacher’s approval. The common practice of assessing improvement by change in rank order in the class condemns a substantial proportion of the class to deterioration, however well the teacher teaches and the pupils learn. The pupil who, ~~through relative lack of ability or motivation or for any other reason, fails to absorb the~~

INSIGHT

instruction offered, is not performing his role as a pupil in the way the teacher and the school would like, and so reaps disapproval and is discouraged in his performance. If any alternative role presents itself as a source of satisfaction, this pupil is only too ready to abandon the attempt to learn: he might for instance, concentrate on getting a laugh from his fellow-pupils instead of getting approval from the teacher.

An alternative to objective achievement in school subjects as a source of teacher approval is a reputation for 'trying'. The pupil who successfully performs the role of trier but fails to achieve may get sympathy and extra help instead of disapproval for failing. The trier looks attentive, submits to the teacher's authority in matters of control, writes something in his book even if it is full of mistakes, and looks suitably chagrined when his errors are pointed out to him. This kind of behaviour has better survival value in the classroom than the opposite kind and is perhaps more easily learnt by middle-class than working-class children.

But in general, the concern of teachers for cognitive achievement of a kind that can be measured leads to the rejection by the school of pupils who do not achieve. They are rejected in many ways: by being given worse teachers, left aside as hopeless, ridiculed, castigated, punished. In relation to a norm which prescribes achievement, they are deviant.

Culled from Barbara Calvert: *The Role of the Pupil*. London: Routledge and Kegan Paul, 1975 pp27 -29

- a. According to the writer, what are the **TWO** reasons why teachers measure pupils' achievement? (3 Marks)
- b. According to the passage, what are the four tools used by teachers for measuring pupils' achievement. (4 Marks)
- c. What is the twin-purpose of assessment tests? (3 Marks)
- d. On what are labeling processes based? (2 Marks)
- e. What type of pupil gives a teacher special satisfaction nowadays? (2 Marks)
- f. Why would a teacher be angry over his pupil's improvement? (2 Marks)
- g. What results from the disapproval of the pupil by the teacher and the school? (2 Marks)
- h. Cite three ways in which pupils are rejected for lack of achievement. (6 Marks)
- i. Give another word for each of the following words as used in the passage:
 - i. Profound
 - ii. Sophisticated
 - iii. Improvement
 - iv. Satisfaction
 - v. Mistakes
 - vi. Deviant(6 Marks)

(Total 30 Marks)

INSIGHT

**SECTION C:
MARKS)**

ATTEMPT ANY TWO QUESTIONS

(30

QUESTION 2

As an alumnus of a secondary school, the Principal has invited you to contribute an essay to a special edition of the school magazine to be published soon. The edition is aimed at career-guidance. Write out your contribution entitled, “The Accountant Is an Asset and Not a Liability in a Corruption-Ridden Economy”. **(15 Marks)**

QUESTION 3

- a. What do you understand by upward and downward channel of communication?
(3 Marks)
- b. Discuss any **FOUR** advantages and **FOUR** disadvantages of the downward channel of communication.
(12 Marks)
- (Total 15 Marks)**

QUESTION 4

Change the following sentences to reported speech.

- a. “I am disappointed,” she complained.
- b. He said, “I am going to talk about inflation next week.”
- c. Betsy said, “I can’t do the fifth exercise.”
- d. “Entries for the competition closed last week,” explained the officer.
- e. “This session is riddled with crises,” said the V.C.
- f. Dr John asked, “Is it true that your flat has been burgled twice?”
- g. “Yes, that is quite true,” replied Miss David.
- h. The manager said, “The auditor approved the balance in one account.”
- i. The lecturer asked, “Can you have these notes copied before tomorrow?”
- j. “I ‘ve completed the course work already,” exclaimed my friend.
- k. “Don’t you hear your name being called?” The man queried his son.
- l. “I shall see you tomorrow,” said Johnbull.
- m. “I am sorry I’m late. I forgot the time of the meeting,” said Mensah.
- n. The trader asked, “Can you tell me when you will receive new consignment of goods?”
- o. “I have heard the story repeated too often,” the teacher said. **(15 Marks)**

QUESTION 5

The Bursary Department of The Federal University of Technology, Hyolar has just witnessed a lock-out by the Non-Academic Staff Union and the Senior Staff Association of Universities on the slow pace of work in the department; non-transparent running of Staff Personal Savings Scheme and the non-accessibility of senior officers in the Bursary because of the location of their offices. As part of efforts to address the agitation of the unions, a meeting of

INSIGHT

the Bursary Department was held to discuss these issues. As the Secretary of the Department, prepare the minutes of the meeting whose agenda is presented below.

- 1.0 Opening
- 2.0 Apologies
- 3.0 Reading and adoption of the minutes of the previous meeting
- 4.0 Matters arising from the minutes
 - 4.1 Auditors from the Auditor-General's office
 - 4.2 E-payment platform
- 5.0 New business
 - 5.1 Efficiency at work
 - 5.2 Annual retreat of the bursary department
 - 5.3 Staff Personal Savings Scheme
 - 5.4 Space utilization and office re-allocation
- 6.0 Date of next meeting
- 7.0 Closing

(15 Marks)

INSIGHT

SUGGESTED SOLUTIONS

SECTION A

PART I MULTIPLE-CHOICE QUESTIONS

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

EXAMINER'S COMMENT

INSIGHT

The multichoice questions cover the entire syllabus 65% of candidates scored above average mark. Candidates are advised to keep up this performance.

PART II SHORT-ANSWER SOLUTION

1. Outline
2. Memorandum/Memo/Memoranda
3. Bankruptcy
4. Verb
5. Intransitive (verb)
6. Passive
7. Paralanguage
8. Claim
9. Vocalization/Oral
10. Reading/Listening
11. Appendix
12. Semi-colon
13. Memorised
14. Impromptu
15. Diphthong
16. Periodic/Regular/Routine
17. Non-verbal
18. Scanning
19. Deceit/Deception/Deceiver
20. Familiar/Normal

INSIGHT

EXAMINER'S COMMENT

70% of candidates scored below average mark though all candidates attempted these short answer questions. Candidates should familiarize themselves with all the areas of the syllabus as well as the concepts and terms contained therein, for better performance in future.

SECTION B

SOLUTION 1

- (a) Teachers measure pupils' achievement
- i. to facilitate the setting of standards/to set standards
 - ii. to assess pupils' progress/to determine pupils' progress
- (b) The four tools used to measure pupils' achievements are
- (i) informal questioning
 - (ii) class tests
 - (iii) standardized tests
 - (iv) external examinations
- (c) The twin-purpose of assessment tests are
- (i) to measure the success of the pupils' learning
 - (ii) to determine the effectiveness of teaching
- (d) Labelling processes are based on tests scores.
- (e) The pupil that improves the most gives the teacher special satisfaction.
- (f) A teacher would be angry if the pupils improvement is not attributed to his own efforts/is linked to the employment of a private coach by the pupils and parents.
- (g) The disapproval of the pupil (by the teacher and the school) leads to discouragement of the pupil in his performance/a shift of attention from his studies.
- (h) Ways in which pupils are rejected for lack of achievement are:
- (i) They are given worse teachers
 - (ii) They are left aside/behind as hopeless
 - (iii) They are ridiculed
 - (iv) They are castigated
 - (v) They are punished
- (i) (i) Profound – great, large, strong, serious, significant, marked, far-reaching, deep, penetrating, recondite, weighty

INSIGHT

- (ii) Sophisticated - refined, complex, advanced, civilized, highly-developed, polished, cultured
- (iii) Improvement – progress, development, advancement, advance, betterment
- (iv) Satisfaction – pleasure, joy, bliss, contentment, delight, enjoyment, happiness, comfort.
- (v) Mistakes – errors, inaccuracies, shortcomings, lapses, mis-judgments, gaffes, blunders, faults, oversights
- (vi) Deviant – non-confirming, different, abnormal, queer, aberrant, anomalous, devious, unorthodox, weird, untypical

EXAMINER'S COMMENT

The question tests candidates' knowledge of comprehension. Being a compulsory question, all candidates attempted the question. They demonstrated a good understanding of the passage. As a result, 70% of them scored above average mark. Candidates are advised to keep up the performance.

SOLUTION 2

THE ACCOUNTANT IS AN ASSET AND NOT A LIABILITY IN A CORRUPT-RIDDEN ECONOMY.

The economy of a nation is a great driving-force of growth and development. So, if the economy is healthy, then the citizens are likely to enjoy sustainable development. However, corruption is one of the major obstacles to economic growth. What exactly is corruption?

Corruption is unethical gratification. If this practice pervades a society then, it is likely that the economy of such a nation would be adversely affected. For example, when people evade tax or dodge paying appropriate custom duty on goods they import, government revenue is negatively affected. So, funds available for development will be in short supply.

The role of professionals in rescuing such an economy cannot be over-emphasized. This is where the position of the accountant needs to be considered. Would he be an asset or a liability?

To be an asset, the accountant must be seen as contributing positively to economic growth. By training, the accountant is professionally geared towards accountability and transparency.

Accountability implies not only being responsible for one's action when asked to do so, it also means responsibility. The professional accountant who wants to adhere to his training would, therefore, be careful in carrying out his duties and avoid engaging directly or indirectly in corrupt practices. Furthermore, the grounding in transparency continuously reminds the accountant that one should not only aspire to stay away from corrupt practices, but must also be seen by the average observer to be doing so.

INSIGHT

Instead of aiding and abetting corruption then, the accountant exposes it when preparing financial reports or statements. Therefore, when the accountant plays his role as he should, he is a great asset to economic growth.

However, if the accountant deviates from his professional training, he is likely to become a liability. In such a case, such a non-performing accountant would encourage corruption by manipulating figures and preparing falsified reports or statements. Fortunately, professional bodies have the mandate to sanction such erring ones.

Technically then, the real accountant is an asset and not a liability to economic development. Even if the society is overflowing with corruption, a true accountant can live above board.

EXAMINER'S COMMENT

The question tests candidates' ability to write a publishable article in the school magazine. 30% of candidates attempted it. The performance was poor, as candidates did not identify the demands of the question. Common pitfalls – wrong format/lack of knowledge of article writing. Some candidates even wrote letters to the editor. Candidates should learn the format and demand of article writing

SOLUTION 3

- (a) Upward communication describes information which is sent from subordinates to the superior officers. In upward communication, messages move from those at the bottom of the organizational chart to the higher ranking officers. To this extent, all requests, demands, information, complaints and suggestions often originate from those at the lower rung of the ladder to the highest hierarchy in the organization.

The upward channel is more of a feedback device which is a reaction to certain instructions and directives given by the superiors to the subordinates on how certain activities can better be carried out.

Downward communication refers to the movement of information from the person or body with the greatest authority in the organization to the person with the least authority. It is a traditional communication channel mostly adopted by organisations. Information that travel down the organizational structure, include policies, plans, directives, queries, job instructions and orders.

- (b) **Advantages of downward channel**

i. Increase efficiency: The downward communication increases work efficiency.
~~Policies and job instructions that are qualitative are actually sent down the~~

INSIGHT

hierarchy of the organization. It, therefore, suggests that employees are not just left to use their own initiatives but are coordinated along set organizational goals to achieve same.

- ii. Smooth flow of information: The downward channel always ensures the smooth flow of information as it is easier for information to flow down the organizational chart. It affords certain checkers to ensure that information is not held unnecessary by any individual along the channel hence such an individual may be queried and sanctioned.
- iii. Ensures coordination: The downward communication helps to co-ordinate activities within the organisation to achieve organizational set goals.
- iv. Allows for easy clarification: Since information moves along the organizational structure, any problem that may occur at any point of the structure can easily be reported to the immediate superior who in turn sets in motion the machinery to get the problem resolved.
- v. Appropriate for giving job instructions: The downward communication is most suitable to pass job instructions. The people who sit at the highest echelon are educated and are quite conversant with set organizational goals. They, therefore, would be able to send policies, directives, and instructions in line with achieving such goals.

Disadvantages

- i. Information overload: The downward channel may lead to information overload as too much information flow in the form of job instructions, policies, decisions, orders and so on. The employees may, as a result of this, not know which of the information to act on. This may be counterproductive.
- ii. Friction: The downward communication may cause friction. For instance, where information is needed to achieve certain tasks or specific objectives and the officer to give such information is not available, it may result in the stoppage of work until such an officer supplies the information.
- iii. Delay: In the process of information having to travel or go through several desks, it may become delayed before reaching the final destination. As a result of this, feedback may be delayed. In effect, decision making will also be delayed which may have dire consequences on the entire organization.
- iv. Breeding ego: In a situation where many people rely on the information that an individual has to give before they work, such a person may develop inflated ego. If such a person decides to show off his indispensability, this may create problems in the organisation.
- v. Lack of openness between managers and employees: It may cause lack of openness between managers and employees as the managers would not want

INSIGHT

to disclose certain things which may be considered as not worthy for public consumption.

EXAMINER'S COMMENT

The question tests candidates' knowledge of formal organizational communication. 65% of the candidate attempted it. Part (a) was well answered by about 70% of those who attempted this question, while part (b) was poorly answered. Common pitfalls of candidate was in differentiating between the characteristics of upward and downward communication and their advantages and disadvantages. Candidates should familiarize themselves with formal organizational communication.

SOLUTION 4

- (a) She complained that she was disappointed.
- (b) He said he was going to talk about inflation the following week.
- (c) Betty said she couldn't do the fifth exercise.
- (d) The officer explained that the entries for the competition closed the previous week.
- (e) The V.C. said that the session was riddled with crisis.
- (f) Dr. John asked if it was true that his flat had been burgled twice.
- (g) Miss David replied that it was quite true.
- (h) The Manager said that the auditor approved the balance in an account.
- (i) The lecturer asked if he/she/they could have those notes copied before the next day.
- (j) My friend exclaimed that he/she had completed the course work already.
- (k) The man queried his son if he didn't hear his name being called.
- (l) Johnbull said that he should see him the next day.
- (m) Mensah said that he was sorry that he was late. He said that he forget the time of the meeting.
- (n) The trader asked him if he could tell him when he would receive a new consignment of goods.
- (o) The teacher said that he had heard the story repeated too often.

EXAMINER'S COMMENT

The question tests candidates' knowledge of the reported speech. 90% of candidates attempted the question. 85% of those who attempted its scored below average because they demonstrated lack of knowledge of the features of reported speech. Candidates should endeavour to familiarise themselves with this aspect of grammar, when preparing for future examinations

INSIGHT

SOLUTION 5

MINUTES OF A MEETING OF THE BURSARY DEPARTMENT HELD IN THE BURSAR'S OFFICE ON 31 JANUARY, 2012

PRESENT:	Mr. A. Olukale	(Chairman/Bursar)
	Mrs. D. Ebie	
	Mr. K. Ezenwa	
	Mr. P. Dansu	
	Mr. J. Olufemi	
	Mrs. B. Appiah	(Secretary)
ABSENT:	Mr. I. Yahaya-Ningi	(with apology)
	Mrs. R. Lakemfa	(with apology)

1.0 OPENING

The Chairman and Bursar declared the meeting open at 10.00 a.m. He welcomed everyone who was at the meeting and led a short opening prayer.

2.0 APOLOGIES

The Chairman conveyed apologies for absence from Mr. Ibrahim Yahaya-Ningi and Mrs. Remi Lakemfa who were in Abuja on official assignment.

3.0 READING AND ADOPTION OF THE MINUTES OF THE PREVIOUS MEETING:

Minutes of the meeting held on December 29, 2011 were read and adopted as authentic records of what transpired at the meeting on a motion moved and supported by Mr. P Dansu and Mrs. D. Ebie respectively.

4.0 MATTERS ARISING

4.1. **AUDITORS FROM THE AUDITOR-GENERAL'S OFFICE:** The Chairman informed the house that auditors from the Auditor-General's office had completed their assignment. He thanked everyone for co-operating with them while the exercise lasted. He also, told members to expect new guidelines arising from the observations of the auditors.

4.2. **E-PAYMENT PLATFORM:** The Chairman noted the completion of the e-payment deployment and the smooth take-off of the e-payment platform. He also observed with satisfaction the fact that all transactions and payments are done on the platform.

INSIGHT

5.0 NEW BUSINESS

5.1. **EFFICIENCY AT WORK:** The Chairman presented the complaints of two of the Unions on campus on staff performance in the bursary and asked for members' comments. Most speakers disagreed with the low rating given to the staff members of the department, noting that Bursary Department staff work in and out of the department especially as some staff were attached to other departments and units. It was also said that location of some offices and the absence of name plates on all doors prevent staff from other units from locating the officers whose attention they desire. It was decided that the Purchasing Officer liaises with the Bursar to produce name plates to be affixed on all doors. The issue of location of offices was deferred for discussion at the appropriate time during the meeting.

5.2. **ANNUAL RETREAT:** The Chairman said it was his vision to start an Annual Retreat of the Bursary Department where members of staff would be equipped and re-invigorated for optimum performance.

He set up an Annual Retreat Committee whose members were as follows:

- a. Mrs. D. Ebie - Chairperson
- b. Mr. P. Dansu
- c. Mr. J. Olufemi – Secretary

The Committee was given the following terms of reference:

- a. To organize a befitting and well structured retreat for staff of the Department;
- b. To decide the venue, scope and service personnel of the Annual Retreat programme,
- c. To liaise with all institutional and external organs that would facilitate the programme.

5.3 **STAFF PERSONAL SAVINGS SCHEME:** The Chairman noted that there had been so many complaints against the operation of the scheme. He observed that many of the participants in the scheme were not staff of the Bursary Department, noting that the scheme had become immensely popular in the institution.

He informed the house that as a result of past complaints, he had set up a committee to review the operations of the fund.

He called on Mr. P. Dansu, the Chairman of the Committee to report to the house. Mr. P. Dansu said the report of the Committee was not ready. Members were highly disappointed at the non-performance of the Committee and advised it to go about the assignment with the seriousness it deserved.

The Chairman gave the Committee seventy-two hours to complete the job and submit its report to his office.

5.4 SPACE UTILIZATION AND OFFICE RE-ALLOCATION

INSIGHT

The Chairman told the house that the Bursary Department would be visited by the Space Utilization Committee on February 1, 2012. He said during the visit, new staff offices would be handed over to the Department and after the handing-over ceremony staff of the Department would be allocated new offices which would be within the new Management Complex. This would make officers of the Department more accessible.

6.0 DATE OF NEXT MEETING

The date of the next meeting of the Bursary Department would be February 14, 2012.

8.0 CLOSING:

The motion to adjourn the meeting to February 14, 2012 was moved by Mr. K. Ezenwa and seconded by Mr. P. Dansu. The meeting closed at 1.00 p.m.

.....
CHAIRMAN
SECRETARY

.....

EXAMINER'S COMMENT

The question test candidates' ability to write minutes of a meeting following a given format. 25% of the candidates attempted the question. 30% of those who attempted scored above average mark. Many of the candidates did not understand the demand of this question as they merely replicated the agenda given them in the question, while some wrote the minutes in form of an essay. Candidates should familiarise themselves with meeting procedures and minutes writing.